

FEATURE ARTICLE — Regional wage and salary earners in Western Australia

INTRODUCTION

There has been considerable change in the geographic distribution of employment across Western Australia in recent years, with much of the change reflecting broader population trends. Employee numbers, like population, have grown considerably in Perth's inner city and metropolitan fringe but also in coastal regions of the state's south west. On the other hand, many rural and remote areas have experienced the combination of population and employment decline. During this time, there has also been a high degree of regional variation in wages and salaries with growth being strongest in Perth's more exclusive western suburbs and in some remote mining regions.

This article uses Australian Taxation Office (ATO) income tax data to explore changes in the regional distribution of Western Australia's wage and salary earners and their incomes over the period 1996–97 to 2000–01. Wage and salary income does not include other sources of income such as own business, superannuation, investments and government pensions, benefits or allowances.

METHODOLOGY

Statistics presented in this article are a subset of regional data on individual taxpayers published by the ATO by postcode area. A geographic concordance was used to convert ATO aggregated postcode data to estimates at the Statistical Local Area (SLA) level, based on the estimated resident population for each particular year. All statistics have been calculated for SLA boundaries effective at 1 July 2000 as defined in the Detailed Main Structure of the *Australian Standard Geographical Classification (ASGC) 2000* (ABS cat. no. 1216.0).

CONFIDENTIALITY

Income tax statistics for wage and salary earners have been provided to the ABS by the ATO in aggregated form only, at the SLA level. Information about individual taxpayers has not been released to the ABS.

SCOPE AND COVERAGE

Wage and salary earners (or employees) as defined by the ABS comprised around 84% of all employed persons in Western Australia in 2000–01. The remaining 16% were self-employed, including employers, own account workers and contributing family workers.

For this analysis, wage and salary earners have been defined as persons aged 15 years and over who have submitted an individual income tax return and for whom wage and salary income was the principal source of income for the financial year.

Wage and salary income, as reported on the income tax return, includes gross income from wages and salaries (as shown on the Pay As You Go payment summary) as well as allowances, commissions, bonuses, tips, gratuities, consultation fees, honoraria and other payments for services.

WESTERN AUSTRALIA IN CONTEXT

In 2000–01, there were 729,200 wage and salary earners in Western Australia — 9.8% of all wage and salary earners in Australia. In the five years to 2000–01, the number of Western Australian wage and salary earners increased by 3.1% (or 21,599) compared to the national increase of 3.9%. During this period, Western Australia had the fourth highest growth in wage and salary earners of all states and territories, behind Queensland (6.1%), Victoria (5.4%) and New South Wales (3.9%).

The average annual wage and salary income for Western Australian wage and salary earners was \$33,620 in 2000–01 — up 14.5% (or \$4,255) since 1996–97. Growth in Western Australia's average wage and salary income did not keep pace with growth at the national level of 17.0% (or \$5,071) during the period. As a result, the difference between Western Australia's average wage and salary income and the national average increased from \$319 in 1996–97 to \$1,125 in 2000–01.

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METROPOLITAN AND NON-METROPOLITAN AREAS

In 2000–01, three quarters (549,947) of the state's wage and salary earners resided in the Perth metropolitan area — largely unchanged from the proportion in 1996–97. During this period, the number of wage and salary earners in metropolitan Perth increased by 4.1% (21,714), compared to a decline of 0.4% (732) in non-metropolitan areas.

In 2000–01, wage and salary earners residing in the Perth metropolitan area recorded an average annual wage and salary income of \$33,872, compared to \$32,731 for those residing in non-metropolitan areas. Since 1996–97, growth in average wage and salary income has been stronger in metropolitan Perth (up \$4,469 or 15.2%) than in non-metropolitan areas (up \$3,570 or 12.2%).

WAGE AND SALARY EARNERS, Metropolitan(a) and non-metropolitan Western Australia: 1996–97 to 2000–01

	1996–97	1997–98	1998–99	1999–00	2000–01	Change from 1996–97 to 2000–01	% change from 1996–97 to 2000–01
WAGE AND SALARY EARNERS (no.)							
Metropolitan	528 233	541 399	546 424	546 222	549 947	21 714	4.1
Non-metropolitan	174 126	178 141	175 239	173 133	173 394	–732	–0.4
Western Australia(b)	707 601	724 649	727 615	725 906	729 200	21 599	3.1
WAGE AND SALARY INCOME (\$m)							
Metropolitan	15 532	16 592	17 269	17 753	18 628	3 096	19.9
Non-metropolitan	5 078	5 373	5 425	5 444	5 675	597	11.8
Western Australia(b)	20 779	22 134	22 901	23 425	24 516	3 737	18.0
AVERAGE WAGE AND SALARY INCOME (\$)							
Metropolitan	29 403	30 646	31 604	32 502	33 872	4 469	15.2
Non-metropolitan	29 161	30 163	30 959	31 447	32 731	3 570	12.2
Western Australia(b)	29 365	30 545	31 475	32 269	33 620	4 255	14.5

(a) Metropolitan Western Australia has been defined as comprising the Perth Statistical Division (refer to map on page 23).

(b) Total includes wage and salary earners/income not able to be allocated to a region.

Source: ATO Income Tax Return Data.

REGIONAL WESTERN AUSTRALIA

Number of wage and salary earners

In 2000–01, the ten SLAs with the highest number of wage and salary earners in Western Australia were all located in the middle and outer suburbs of metropolitan Perth. This is not surprising given that these regions had the largest working age populations (i.e. persons aged 15 years and over) in the state. The outer northern SLA of Joondalup—South (50,541) had the highest number of wage and salary earners in 2000–01, followed by Stirling—Central (37,318), Melville (37,139), Gosnells (34,337) and Swan (33,225). Satellite centres along the south west corridor of Perth such as Rockingham (26,476) and Mandurah (14,316) also recorded high numbers of wage and salary earners. Kalgoorlie/Boulder was the most notable inland centre (14,307).

NUMBER OF WAGE AND SALARY EARNERS, By SLA, Western Australia: 2000–01

SLA Name	No.	SLA Name	No.
HIGHEST		LOWEST	
Joondalup (C)—South	50 541	Sandstone (S)	24
Stirling (C)—Central	37 318	Murchison (S)	28
Melville (C)	37 139	Menzies (S)	31
Gosnells (C)	34 337	Nungarin (S)	57
Swan (C)	33 225	Yalgoo (S)	66
Canning (C)	31 666	Westonia (S)	68
Cockburn (C)	27 635	Woodanilling (S)	69
Rockingham (C)	26 476	Tammin (S)	87
Stirling (C)—Coastal	25 054	Wandering (S)	91
Bayswater (C)	22 971	Wiluna (S)	91

Source: ATO Income Tax Return Data.

Number of wage and salary earners *continued*

The ten SLAs with the lowest number of wage and salary earners in 2000–01 were all located in rural and remote areas of Western Australia. As might be expected, most of these regions had relatively small working age populations, ranging from 112 in Sandstone to 250 in Wandering. One exception to this pattern was Wiluna which had a working age population of 760.

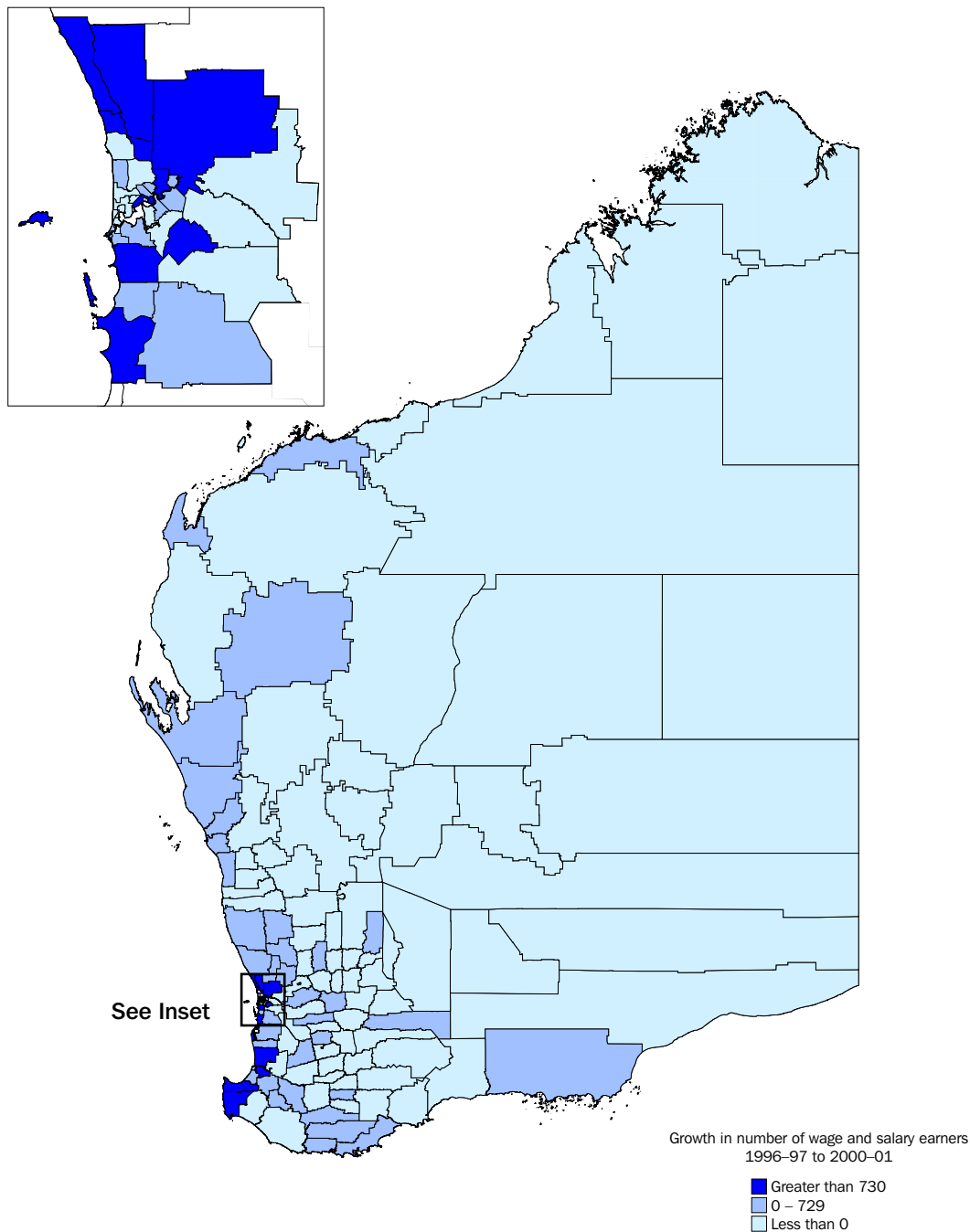
Contributing to the low number of wage and salary earners in many regions was the high proportion of self-employed persons. In regions located in the wheatbelt of Western Australia, the proportion of self-employed persons ranged between 44.9% in Westonia to 62.1% in Woodanilling. These workers, many of whom are farmers, are excluded from the ATO wage and salary earner estimates.

Change in number of wage and salary earners

Of the 150 SLAs in Western Australia, 42.7% recorded an increase in the number of wage and salary earners from 1996–97 to 2000–01. Outer regions of the Perth metropolitan area recorded the largest increases in wage and salary earners, most likely reflecting trends in population growth in outer metropolitan areas with new affordable housing. Joondalup—North recorded the highest increase of 3,696, followed by Swan (3,630) and Rockingham (3,233). The fastest increases in wage and salary earners were recorded in Perth—Inner (120.5%) and Perth—Remainder (39.9%), reflecting the growing trend toward high density inner city living. Rapid growth also extended along south west coastal regions of Western Australia from Mandurah (1,770 or 14.1%) to Augusta–Margaret River (733 or 26.5%). Other regions along the south west coastal corridor that showed strong gains in their wage and salary earner populations included Busselton (1,434 or 23.5%), Harvey (1,424 or 18.5%) and Dardanup (1,274 or 34.6%).

Growth in wage and salary earners, By SLA, Western Australia: 1996–97 to 2000–01

Inset — Perth Statistical Division



Source: ATO Income Tax Return Data

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SLAs WITH LARGEST AND FASTEST INCREASE IN WAGE AND SALARY EARNERS, Western Australia: 1996–97 to 2000–01

SLA Name	No.	%	SLA Name	%	No.
LARGEST INCREASE			FASTEST INCREASE		
Joondalup (C)—North	3 696	22.6	Perth (C)—Inner	120.5	182
Swan (C)	3 630	12.3	Perth (C)—Remainder	39.9	809
Rockingham (C)	3 233	13.9	Dardanup (S)	34.6	1 274
Cockburn (C)	3 220	13.2	Wanneroo (C)—North–West	34.2	2 423
Gosnells (C)	2 546	8.0	Augusta–Margaret River (S)	26.5	733
Wanneroo (C)—North–West	2 423	34.2	Wanneroo (C)—North–East	26.1	1 634
Bayswater (C)	1 798	8.5	Denmark (S)	25.1	229
Mandurah (C)	1 770	14.1	Busselton (S)	23.5	1 434
Wanneroo (C)—North–East	1 634	26.1	Irwin (S)	22.7	178
Busselton (S)	1 434	23.5	Joondalup (C)—North	22.6	3 696

Source: ATO Income Tax Return Data.

Change in number of wage and salary earners *continued*

Regions showing some of the largest decreases in the number of wage and salary earners between 1996–97 and 2000–01 included many of the state's major mining areas. Among them, Kalgoorlie/Boulder recorded the largest decline of 1,638, followed by East Pilbara (1,036), Port Hedland (794), Coolgardie (702) and Ashburton (509). Decreases in these regions reflect the rationalisation within the mining industry during this period, influenced by low world commodity prices and increased global competition.

SLAs WITH LARGEST AND FASTEST DECREASE IN WAGE AND SALARY EARNERS, Western Australia: 1996–97 to 2000–01

SLA Name	No.	%	SLA Name	%	No.
LARGEST DECREASE			FASTEST DECREASE		
Stirling (C)—Central	-3 010	-7.5	Wiluna (S)	-44.5	-73
Kalgoorlie/Boulder (C)	-1 638	-10.3	Ngaanyatjarraku (S)	-42.9	-150
East Pilbara (S)	-1 036	-32.7	Menzies (S)	-42.6	-23
Port Hedland (T)	-794	-12.0	Halls Creek (S)	-41.3	-303
Wyndham–East Kimberley (S)	-771	-23.8	Cue (S)	-40.9	-65
Coolgardie (S)	-702	-27.7	Sandstone (S)	-38.5	-15
Joondalup (C)—South	-682	-1.3	Laverton (S)	-36.9	-82
Derby–West Kimberley (S)	-682	-30.6	Meekatharra (S)	-35.8	-255
Armadale (C)	-646	-3.2	Tammin (S)	-34.6	-46
Ashburton (S)	-509	-15.8	East Pilbara (S)	-32.7	-1 036

Source: ATO Income Tax Return Data.

Declining working age populations in rural and remote areas of Western Australia also had a distinct effect on the number of wage and salary earners in these areas. Apart from Halls Creek and Ngaanyatjarraku, the ten SLAs with the fastest decreases in wage and salary earners from 1996–97 to 2000–01 showed a decline in working age population over the same period — ranging from 13 in Menzies to 715 in East Pilbara. Decreases in wage and salary earners in areas with large Indigenous populations such as Halls Creek and Ngaanyatjarraku — both down around 40.0% — may have been due to the exclusion of Community Development Project (CDEP) participants from ATO wage and salary data since 1998–99. CDEP is a program that enables Indigenous persons to exchange unemployment benefits for opportunities to undertake work and training in their communities. Before 1998–99, specific instructions on the treatment of CDEP payments were not included in TaxPacks, and it may be possible that these participants reported income from this source as wage and salary income.

Average annual wage and salary income

In 2000–01, almost a quarter (36) of the 150 SLAs in Western Australia had an average annual wage and salary income above the state average (\$33,620), although only one in five (31) exceeded the national average (\$34,745). Six of the ten SLAs with the highest average wage and salary income in Western Australia were located in Perth's inner west, including Peppermint Grove, Cottesloe, Nedlands, Claremont, Subiaco and Mosman Park. All of these regions had an average wage and salary income above \$44,000. This is not surprising given that between 34.7% (Mosman Park) and 46.6% (Peppermint Grove) of wage and salary earners in these SLAs were employed in Professional or Management and administration occupations, compared to 22.0% across the state. Of these workers, more than two in five earned over \$52,000 per year.

AVERAGE WAGE AND SALARY INCOME, By SLA, Western Australia: 2000–01

SLA Name	\$	SLA Name	\$
HIGHEST		LOWEST	
Ashburton (S)	51 781	Wickepin (S)	19 844
Peppermint Grove (S)	49 609	Broomehill (S)	20 112
Cottesloe (T)	49 594	Kent (S)	21 620
Nedlands (C)	48 632	Tammin (S)	21 764
Claremont (T)	47 943	Williams (S)	22 854
East Pilbara (S)	47 177	Jerramungup (S)	23 107
Subiaco (C)	45 020	Kondinin (S)	23 498
Coolgardie (S)	44 883	Dumbleyung (S)	23 633
Port Hedland (T)	44 770	Dowerin (S)	23 732
Mosman Park (T)	44 546	Nungarin (S)	23 747

Source: ATO Income Tax Return Data.

Average annual wage and salary income continued

In 2000–01, four of the ten SLAs with the highest average annual wage and salary income in Western Australia were located in regions with significant mining activity, including Ashburton, East Pilbara, Coolgardie and Port Hedland. Average annual incomes in these regions ranged from \$44,770 in Port Hedland to \$51,781 in Ashburton — the highest of any region in the state — reflecting the comparatively high earnings of those working in the state's mining industry. The proportion of wage and salary earners in these SLAs earning in excess of \$52,000 per year ranged from 37.0% in Port Hedland to 47.6% in Ashburton — compared to 16.6% across Western Australia.

In comparison to the metropolitan SLAs in the top ten, these mining regions had relatively few Professionals and Managers and administrators and relatively more 'blue collar' workers. More than half of the wage and salary earners in these regions were employed as either Tradespersons, Plant and machinery operators and drivers, or Labourers and related workers in 2000–01. These workers earned higher incomes than those working in the same occupations elsewhere in the state. Between 52.4% (Port Hedland) and 67.8% (Ashburton) of Tradespersons in these regions earned more than \$52,000 in 2000–01, compared to 18.7% of all Tradespersons in the state. Over half of the Labourers and related workers in Coolgardie and East Pilbara earned over \$52,000 in 2000–01, compared to the state average of 12.0%.

Among the ten SLAs with the highest average wage and salary incomes in Western Australia, Ashburton recorded the highest proportion of Plant and machinery operators and drivers (82.0%), Professionals (53.0%) and Managers and administrators (51.9%) earning in excess of \$52,000 a year.

In 2000–01, the ten SLAs with the lowest average annual wage and salary income in Western Australia were located in the wheatbelt region of the state, where agriculture is the main industry of employment. Average wage and salary income in these regions ranged from \$19,844 in Wickepin to \$23,747 in Nungarin — well below the state average of \$33,620. The low level of average wage and salary earnings in these regions reflects characteristics of the workforce, such as age, sex and occupation, the mix of full-time and part-time work and the high proportion of self-employed workers.

In four of these regions, the proportion of wage and salary earners aged 15–24 years was above the state average of 19.9%. These included Wickepin (21.0%), Broomehill (21.1%), Williams (21.7%) and Kent (22.9%). Of the wage and salary earners aged 15–24 years in Western Australia, 86.4% earned less than \$31,200 and 36.2% earned less than \$10,400 in 2000–01.

In 2000–01, Wickepin (53.9%) and Dumbleyung (50.7%) were two of five SLAs in Western Australia with more female wage and salary earners than male. Nungarin, Broomehill, Tammin, Jerramungup and Kondinin also had a high proportion of female employees — all above the state average of 46.3% — ranging from 46.5% in Kondinin to 50.0% in Nungarin. The high proportion of female employees in these regions may be a result of the large number of self-employed males, predominantly farmers, among the working age population. Large proportions of female wage and salary earners in these areas worked as Labourers and related workers. The 2001 Census of Population and Housing indicates that a significant number of these were agricultural labourers. In Western Australia, 50.4% of female workers are employed on a part-time basis, and these areas were no exception, with female part-time workers ranging from 39.9% in Dumbleyung to 55.7% in Tammin. As a consequence, these female workers earned relatively low annual incomes. Of the female wage and salary earners in Western Australia, 69.2% earned less than \$31,200 and 19.9% earned less than \$10,400 in 2000–01.

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Furthermore, in the ten SLAs with the lowest average incomes, the proportion of wage and salary earners employed in the relatively low skilled occupation of Labourers and related workers was well above the state average of 11.2%. The proportion ranged from 22.1% in Jerramungup to 30.6% in Kent. Among Labourers and related workers in Western Australia, 64.1% earned less than \$31,200 and 16.5% earned less than \$10,400 in 2000–01.

Change in average annual wage and salary income

Almost all (143) of the 150 SLAs in Western Australia recorded an increase in average annual wage and salary income from 1996–97 to 2000–01. Some of the largest increases were in Perth's more affluent suburbs along the central coast and north-western banks of the Swan River, including Cottesloe, Peppermint Grove, Claremont, Mosman Park and Subiaco. Increases in average incomes in these areas ranged from \$8,318 in Subiaco to \$9,416 in Cottesloe. These areas were also among the ten SLAs with the highest average incomes in the state in 2000–01.

SLAs WITH LARGEST AND FASTEST INCREASE IN AVERAGE WAGE AND SALARY INCOME, Western Australia: 1996–97 to 2000–01

SLA Name	\$	%	SLA Name	%	\$
LARGEST INCREASE			FASTEST INCREASE		
Halls Creek (S)	12 325	62.4	Halls Creek (S)	62.4	12 325
Derby–West Kimberley (S)	10 037	43.0	Derby–West Kimberley (S)	43.0	10 037
Ashburton (S)	9 885	23.6	Ngaanyatjarraku (S)	34.3	8 383
Cottesloe (T)	9 416	23.4	Wyndham–East Kimberley (S)	31.4	7 921
Peppermint Grove (S)	9 385	23.3	Perth (C)—Inner	27.8	8 455
Claremont (T)	8 735	22.3	Broome (S)	27.5	7 072
Mosman Park (T)	8 582	23.9	Perenjori (S)	25.3	5 225
Perth (C)—Inner	8 455	27.8	Wiluna (S)	23.9	6 615
Ngaanyatjarraku (S)	8 383	34.3	Mosman Park (T)	23.9	8 582
Subiaco (C)	8 318	22.7	Ashburton (S)	23.6	9 885

Source: ATO Income Tax Return Data.

In recent years, inner city Perth has seen an influx of highly paid wage and salary earners due to the increased availability and popularity of housing located near the Central Business District. The number of wage and salary earners in Perth—Inner increased by 120.5% between 1996–97 and 2000–01, with one in five (20.7%) working in a Professional occupation. In 2000–01, 44.3% of Professionals in Perth—Inner earned an annual income in excess of \$52,000, compared to 21.9% in 1996–97. As a result, Perth—Inner recorded an increase of \$8,455 (27.8%) in average wage and salary income over the period.

While large increases in wage and salary income occurred in many areas of metropolitan Perth between 1996–97 to 2000–01, the largest increases were reported for areas of the Kimberley in the state's far north. Average incomes in Halls Creek and Derby–West Kimberley increased by over \$10,000 during this period. These increases may, however, partly reflect the exclusion of relatively low paid CDEP workers from ATO wage and salary statistics from 1998–99 onwards. Other areas with significant Indigenous populations such as Ngaanyatjarraku, Wyndham–East Kimberley and Broome may have been similarly affected.

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Change in average annual wage and salary income
continued

The lowest growth in average annual wage and salary income between 1996–97 and 2000–01 occurred in the central goldfield and wheatbelt regions of Western Australia. The goldfield areas of Cue, Menzies and Yilgarn all recorded significant declines, ranging from \$128 in Yilgarn to \$3,049 in Cue, while Leonora recorded an increase in average wage and salary income of just \$311. Decreased earnings in these areas coincided with depressed world gold prices in the late 1990s which in many cases led to mine closures, consolidation of existing operations and deferment of new projects.

SLAs WITH SMALLEST INCREASE (OR DECREASE) IN AVERAGE WAGE AND SALARY INCOME, Western Australia: 1996–97 to 2000–01

SLA Name	\$	%	SLA Name	%	\$
SMALLEST DOLLAR INCREASE (OR DECREASE)			SMALLEST PERCENTAGE INCREASE (OR DECREASE)		
Cue (S)	-3 049	-8.5	Cue (S)	-8.5	-3 049
Westonia (S)	-2 283	-8.2	Westonia (S)	-8.2	-2 283
Menzies (S)	-1 815	-5.2	Menzies (S)	-5.2	-1 815
Wickepin (S)	-481	-2.4	Wickepin (S)	-2.4	-481
Nungarin (S)	-453	-1.9	Nungarin (S)	-1.9	-453
Yilgarn (S)	-128	-0.4	Yilgarn (S)	-0.4	-128
Kondinin (S)	-13	-0.1	Kondinin (S)	-0.1	-13
Leonora (S)	311	0.7	Leonora (S)	0.7	311
Lake Grace (S)	533	2.2	Lake Grace (S)	2.2	533
Tammin (S)	597	2.8	Williams (S)	2.7	598.0

Source: ATO Income Tax Return Data.

The wheat and sheep farming areas of Westonia, Wickepin and Kondinin also recorded decreases in average wage and salary income over the five years to 2000–01 — ranging from \$13 in Kondinin to \$2,283 in Westonia. Decreased earnings in these areas reflects the broader phenomenon of population decline in rural Western Australia, as people have relocated to more urbanised coastal centres with greater earnings potential. The decreases in average earnings in Westonia, Wickepin and Kondinin were associated with declines in the working age populations between 1996 and 2001 — 3.3%, 12.7% and 9.0% respectively. Diminishing wool production over the period and a large fall in wheat production in 2000–01, after five years of consistent growth, may also have had a negative impact on earnings in these regions.