

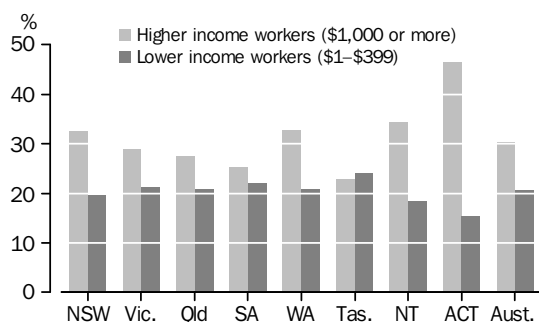
Workers' incomes across Australia



Across Australia, there is considerable variation in the proportion of people with higher and lower incomes, both in terms of their *personal incomes* and the incomes of the households they live in. A range of factors contribute to regional variations in incomes, including the proportion of people in the population who are retired, and the proportion of people unemployed or not looking for work. The other major influence is the variation in the *personal incomes* of employed people in different regions. The incomes of employed people are of particular interest as these incomes are more evenly spread between *higher, middle and lower personal income groups*¹ than those who are not employed.

Higher, middle and lower income workers (employed people) and also those with a negative or no *personal income* are found in every region in Australia. In some regions, higher income workers far outnumber lower income workers. In others, the reverse is true. Therefore, variations in the *personal incomes* of employed people in a region can have a substantial impact on the *household income* profile and therefore the living standards of people in different parts of Australia.

Employed people in higher and lower income groups(a)



(a) Gross personal income.

The census provides information on a range of characteristics of employed people that help to explain these variations in *personal income*. These include the main employment industries and occupations; the hours worked each week; and the skill and education levels of workers.

States and territories

In 2006, 30% of Australia's working population were higher income workers, 48% were middle income workers and 21% were lower income workers. The proportion of employed people in these income groups varied between states and territories. The Australian Capital Territory had the highest proportion of higher income workers (46% of its employed population) and the lowest proportion of lower income workers (15%), while Tasmania had the lowest proportion of higher income workers (23%) and the highest proportion of lower income workers (24%).

Higher income regions

In 2006, higher income regions (see box, p. 189) were more common in the Australian Capital Territory and the Northern Territory than in the states.

In the Australian Capital Territory all of the 7 regions analysed were higher income regions while in the Northern Territory 4 of the 5 regions analysed were in this group. That said, in the Northern Territory 6 regions had less than 5 000 people employed and were excluded: 5 of these regions would have been lower income regions if they were included.

Tasmania and South Australia had the lowest representation of higher income regions. None of the 7 regions analysed in Tasmania, and only 1 of the 16 regions analysed in South Australia were higher income regions.

Workers' incomes

This article examines the **gross personal income** of workers (those are, people who were employed in the week leading up to the 2006 Census). Gross personal income is referred to in this article as *personal income*. The working population has been split into four groups in this article, where the *personal income* ranges for these groups are those applicable to the total population. (For definitions see the 'Economic resources overview', p. 175–187.)

Higher income workers are those who usually received \$1000 or more per week. In 2006, 30% of Australia's employed population were higher income workers.

Middle income workers are those who usually received \$400–\$999 per week. In 2006, 48% of Australia's employed population were middle income workers.

Lower income workers are those who usually received \$1–\$399 per week. In 2006, 21% of Australia's employed population were lower income workers.

Nil and negative income workers usually received no *personal income*, or a negative *personal income*. In 2006, 1% of Australia's employed population were nil and negative income workers. For more information on people with these incomes, see the 'Economic resources overview', p. 175–187.

...regionally speaking

The 188 regions used in this article are *Statistical Subdivisions*. Most of these regions were either higher income regions or lower income regions.

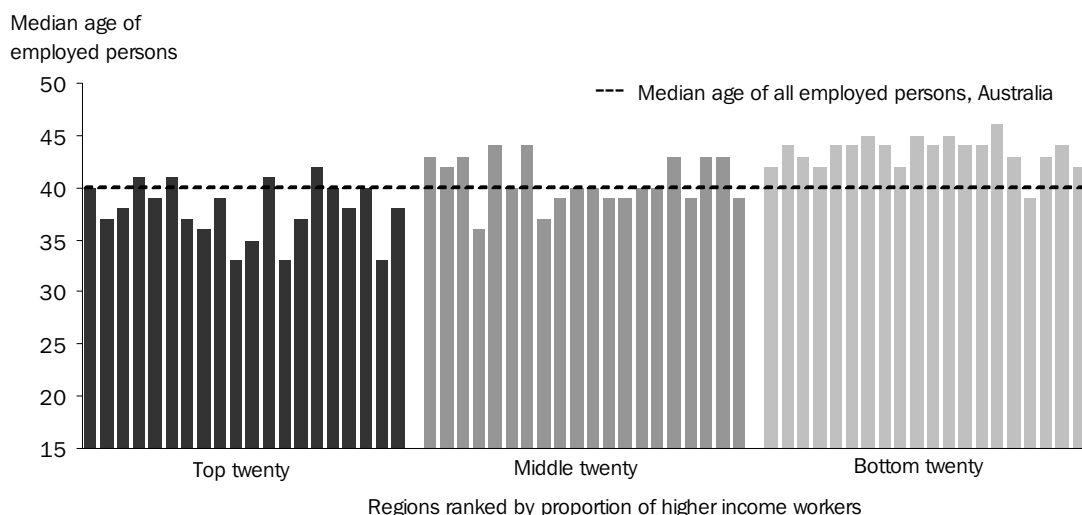
In **higher income regions**, more than 30% of the region's employed population had *higher personal incomes*; that is, a higher proportion than Australia overall. In 2006, of the 188 regions examined, 39 were higher income regions. More than 5.8 million people (or 29% of the total population) lived in these regions.

In **lower income regions**, more than 21% of the region's employed population had *lower personal incomes*; that is, a higher proportion than Australia overall. In 2006, of the 188 regions examined, 119 were lower income regions. Around 8.5 million people (or 43% of the total population) lived in these regions.

A small number of regions (9) were excluded from these 2 categories as they met the criteria for both higher and lower income regions. None of these regions were among the top 10 higher or top 10 lower income regions.

To avoid the analysis being affected by small population regions with unusual or very specific characteristics, each of the 188 regions examined in this article contained more than 5000 employed people. As a result, 20 regions were excluded from the analysis. Also, excluded were the Statistical Subdivisions which represented people who were Off-Shore, Migratory, or who had no usual place of residence.

Median age of employed people in selected regions(a)



(a) Regions (Statistical Subdivisions) with less than 5,000 employed people were excluded.

Higher income regions were more common in Australia's capital cities. In 2006, of the regions analysed that were in capital cities, almost half (45%) were higher income regions. Of the regions located outside capital cities, only 9% were higher income regions.

This is consistent with non-capital city regions having greater proportions of older employed people (illustrated by the graph above), where older workers were generally less likely to have *higher incomes* (for more information see the Worker's Income section in the 'Economic resources overview', p. 179–180). In 2006, the median age of employed people in the top 20 higher income regions was 38, compared with 43 years for the 20 regions with the fewest higher income workers. The median age for all employed Australians was 40 years.

When considering regions with the highest proportions of higher income workers, of those in the top 20 in 2006, 17 were located within capital cities and the remaining 3 were regions with substantial mining industry activity. South Canberra, in the ACT, had the highest proportion of higher income workers (60%)—twice the national average. The next two higher income regions were Fortescue (58%) and De Grey (56%), which together comprise Western Australia's Pilbara.

Conversely, of the 20 regions containing the lowest proportions of higher income workers (represented by the far right bars in graph above), only one was located within a capital city—Greater Dandenong in Melbourne.

Across these regions, 11% of employed people worked in the Agriculture industry (compared with less than 1% in the top 20 higher income regions).

Higher personal incomes, higher household incomes

To obtain *household income*, *personal income* of household members are combined at the household level and equivalised, to allow for differences in the size and composition of households (see definitions in box on p. 176). Therefore, the profile of people's *household incomes* in a region is closely associated with the profile of *personal incomes*.

In 2006, people living in the top 10 higher income regions (see table on next page) were more than twice as likely to have higher *household incomes* than Australian people overall (on average, 47% compared with 20% nationally). Similarly, at the other end of the spectrum, people in the top 10 lower income regions were more likely to have lower *household incomes* than Australians overall (on average, 33% compared with 20% nationally). For a closer look at *household income* across Australia, see the 'Economic resources overview', p. 175–187).

Income from employment

Most of the *personal income* received by employed people is from wages and salaries or income from unincorporated businesses (92%).² Therefore, factors associated with a

Top 10 higher income regions(a): employed people

Region	Higher income workers %	Employed full-time %	University degree %	Top industry of employment	Employed in top industry %	Employed people '000
South Canberra (ACT)	59.8	75.3	57.4	Govt admin and defence	33.4	12.9
Fortescue (WA)	57.6	80.2	13.3	Mining	31.2	11.3
De Grey (WA)	55.5	79.9	13.7	Mining	27.9	8.2
Woden Valley (ACT)	52.1	71.2	48.5	Govt admin and defence	30.8	16.4
Lower Northern Sydney (NSW)	52.0	73.3	48.5	Property & business services	21.6	148.8
Weston Creek-Stromlo (ACT)	49.1	69.1	39.8	Govt admin and defence	29.4	11.9
Eastern Suburbs (NSW)	49.0	71.9	46.4	Property & business services	18.9	114.6
Gungahlin-Hall (ACT)	48.2	75.0	33.5	Govt admin and defence	30.0	17.5
Central Metropolitan (WA)	48.1	65.9	49.2	Property & business services	19.6	61.4
North Canberra (ACT)	47.6	70.0	53.5	Govt admin and defence	34.7	22.5
Total employed population	30.1	68.5	22.9	9 104.2

(a) The 10 regions (Statistical Subdivisions), with more than 5000 workers, which had the largest proportion of higher income workers (gross personal incomes of \$1000 or more per week).

person's employment—such as, their level of education, the skill level and industry of their job, the hours worked—are all associated with their *personal income* (see the 'Economic resources overview', p. 175–187). Many of these factors vary among the employed populations living in different regions and therefore are associated with differences in the *personal income* profiles across these regions.

Income and industry

The main industries of employment within a region influence its overall *personal income* profile. For example, in 2006, the higher income regions of Fortescue and De Grey were the two regions most dominated by the Mining industry—the industry with the most higher income workers in Australia (80% of workers). The characteristics and incomes of employed people in Fortescue and De Grey are explored further in the Pilbara case study on p. 201.

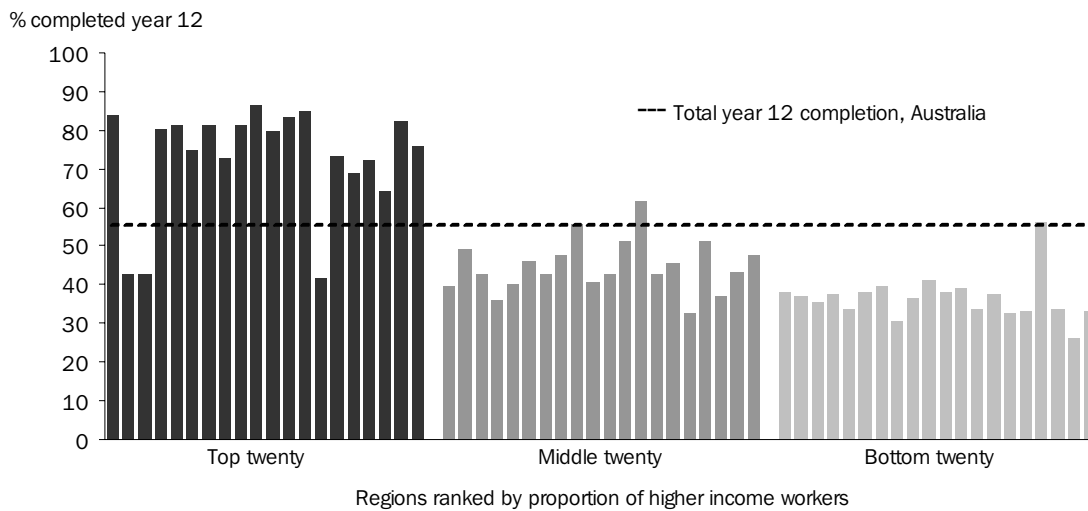
A similar relationship existed in many regions where the main industry was Government administration and defence—the industry

with the fourth largest proportion of higher income workers (47%). In 2006, the 4 regions with the highest proportions of government employees were also among the top 10 higher income regions: all were in Canberra.

Talking about work

This article analyses the *personal incomes* of Australia's employed population. In doing so it considers the different industries and occupations Australians worked in at the time of the 2006 Census. Occupations were categorised using the Australian and New Zealand Standard Classification of Occupations (2006). Industries were categorised using the Australian and New Zealand Standard Industry Classification (1993). While a more recent version of the industrial classification exists, this one was used to facilitate comparison with previous censuses.

Year 12 completion rates for employed people in selected regions(a)



(a) Regions (Statistical Subdivisions) with less than 5,000 employed people were excluded.

Higher education, higher salary

Workers living in higher income regions were generally more highly educated than workers in other regions. In 2006, of the top 20 higher income regions, 17 had Year 12 completion rates substantially above the national average (56%); the remaining three were all mining regions (see graph above).

In 2006, of the middle 20 regions, when ranked by the proportion of people with higher incomes, only two had Year 12 completion rates above the national average—Canterbury-Bankstown and Western Adelaide. In both regions, two of the three leading industries of employment for Year 12 graduates were Retail and Manufacturing (accounting for 25% of both regions' employed Year 12 graduates). This compares with the top 20 higher income regions, which, on average, had far fewer Year 12 graduates working in Retail and Manufacturing (16%).

The most prominent anomaly revealed by the graph above occurs in the City of Greater Dandenong (fourth bar from the far right). In 2006, this region contained the fourth lowest proportion of higher income workers (15%) despite having a Year 12 completion rate above the national average (56%). This anomaly may be attributed to the region's leading proportions of both overseas-born workers (60% compared with 25% nationally), and Manufacturing industry workers (28% compared with 11% nationally). The characteristics of the residents of the City of Greater Dandenong as they relate to *personal incomes* are explored further in the case study on p. 198.

Within regions, the close link between education and *personal income* is further highlighted by the prevalence of employed people holding bachelor degrees or higher qualifications. In 2006, the 10 regions with the highest proportions of employed people with a bachelor degree or above were also among the top 20 higher income regions. South Canberra, the region with the most higher income workers, was also Australia's most highly educated region, with university graduates (people with a Bachelor degree or above) accounting for 57% of its employed population (compared with 23% nationally).

The job skills in higher income regions

Those living in Australia's higher income regions were more likely to be employed in high skill occupations³ than people living elsewhere. The 2006 Census showed that 29% of Australia's employed population worked in high skill occupations. This proportion was exceeded in 26 of the 39 higher income regions. The relationship between *personal income* and skill level was strongest in those regions with the most higher income workers. In 2006, 6 of the 10 most high skill employment regions were also among the top 10 higher income regions. Again, South Canberra, the region with the most higher income workers, also had the highest proportion of workers in high skill occupations (57%).

Moving up

In the 5 years prior to the 2006 Census, around one fifth of Australia's total population moved to a different region.⁴ Higher income regions were more likely to attract new residents than

other Australian regions. One quarter of residents living in the top 10 higher income regions had moved to their respective regions in the 5 years prior to the 2006 Census. The article, 'On the move', p. 24–32, explores the mobility of Australian residents in more depth.

Of the employed people who moved, many worked in their new region's most dominant employment industries in 2006. For instance, in 2006, 27% of Lower Northern Sydney's employed residents had moved there in the previous 5 years. Of these people, more than one third were employed in the area's two dominant industries: Property and business services (21.8% of movers), and Finance and insurance (12.3%). These were slightly higher proportions than the region's total employed population—21.6% worked in Property and business services, and 10.6% in Finance and insurance. The characteristics of the residents of Lower Northern Sydney as they relate to *personal incomes* are explored further in the case studies on p. 200.

Lower income regions

In 2006, the top 10 lower income regions (see box on p. 189 for definition) were all located outside of the capital cities, and none of these included a major regional city. Around 30% of the employed population had *lower incomes* in each of these regions (see table next page).

The region with the highest proportion of lower income workers was the Lower Top End of the Northern Territory (32%). At the time of the 2006 Census, one fifth of this region's employed population reported that they were employed under the Community Development Employment Projects scheme—an initiative enabling members of Aboriginal or Torres Strait Islander communities to exchange unemployment benefits for opportunities to undertake work and training with local community organisations. (Much of this work is classified as being employment in Government Administration and Defence, as it is work conducted for, or organised by, the local community council.) A similar pattern of employment occurred in Far North SD Balance (Qld). Government administration and defence was also the biggest employer in South Canberra, the top higher income region. However, the nature of this employment was very different, with the South Canberra employment based on high skilled occupations.

Working in lower income regions

The *personal income* profiles of workers in lower income regions are again related to the industries that are the main source of employment. For example, people employed in the Agriculture, forestry and fishing, and the Accommodation, café and restaurant industries generally had *lower personal incomes* in 2006. As a result, on average, these two industries accounted for 11.9% and 7.4% respectively of workers in the top 10 lower income regions in 2006, compared with 3.2% and 4.8% of Australia's total employed population.

Similarly, and perhaps of greater consequence, was the sparsity of Australia's highest paying industries within these regions. For instance, in 2006, within the top 10 lower income regions, the Mining; Finance and insurance; and Property and business services industries—three typically high paying industries⁵—on average, employed 0.9%, 1.4%, and 5.5% of their workers, respectively. This compares with 1.2%, 3.9% and 10.9% of the total employed population nationally.

Lower incomes, average skills

While a clear relationship exists between the top 10 higher income regions and the highest skill workforces, the reverse is not true for regions with the lowest incomes. Indeed, of the 20 regions with the highest proportions of workers in low skill occupations, none were among the top 10 lower income regions. In comparison, the 10 lowest income regions had a similar proportion of workers in low skill occupations² to the overall employed population.

Reflecting this, the proportion of people employed in generally low skill industries was also comparable between lower income regions and Australia overall. For example, the Transport and storage, and Retail industries—the two industries with the greatest proportion of workers in low skill occupations—accounted for 4.5% and 14.5% of Australia's employed population respectively in 2006. Within the top 10 lower income regions, these industries employed around the same proportions of the working population (3.9% and 14.7%).

Top 10 lower income regions(a): employed people

Region	Lower income workers %	Employed full-time %	Did not complete Year 12 %	Top industry of employment	Employed in top industry %	Employed people '000
Lower Top End (NT)	32.0	67.1	64.0	Govt admin and defence	29.7	6.2
North Eastern (TAS)	30.5	62.6	74.3	Agriculture, forestry & fishing	22.8	5.3
Lower South Coast (NSW)	30.3	57.5	60.2	Retail	18.8	24.7
Clarence(b) (NSW)	30.0	58.9	63.0	Retail	16.7	33.5
East Gippsland Shire (VIC)	29.7	60.8	61.9	Retail	16.7	15.9
Far North SD Bal (QLD)	29.6	66.0	59.2	Govt admin and defence	13.5	47.0
Yorke (SA)	29.6	62.3	66.0	Agriculture, forestry & fishing	20.5	9.1
North Wimmera (VIC)	29.5	67.5	67.1	Agriculture, forestry & fishing	30.2	5.6
East Ovens-Murray (VIC)	28.7	64.4	58.9	Agriculture, forestry & fishing	16.5	7.2
North Loddon (VIC)	28.6	64.2	61.0	Manufacturing	15.5	18.9
Total employed persons	20.5	68.5	44.0	9 104.2

(a) The 10 regions (Statistical Subdivisions), with more than 5000 workers, which had the largest proportion of lower income workers (gross personal incomes of \$399 or less per week).

(b) Excludes Coffs Harbour.

The *personal incomes* of people working in the Agriculture, forestry and fishing industry did not follow the general trends associated with the skill levels in regional workforces. In 2006, this industry had the second largest proportion of workers in high skill occupations (62%) but was a much bigger employer in the lower income regions than in other regions. Most of this Industry's highly skilled workers were Farmers and farm managers (93% of workers in this industry nationally).

The effects of drought may have had some influence on *personal incomes* in regions dominated by Agriculture, forestry and fishing industry employment. In 2006, 2 of the 4 Agricultural regions among the top 10 lower income regions were in drought declared areas: North Wimmera and East Ovens Murray.

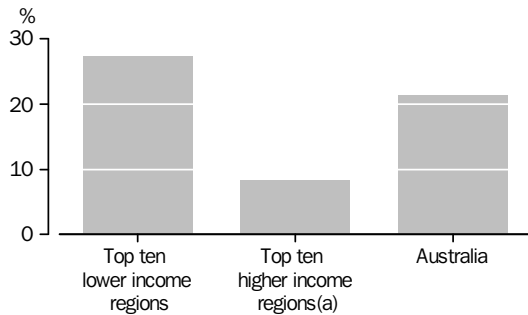
Out of school and in to work

Regions with high proportions of lower income workers generally had lower levels of formal education compared with Australia's

working population. In 2006, Year 12 and university graduation rates for workers in the top 10 lower income regions were 38% and 13% respectively—much lower than for Australia overall (56% and 23%). All the top 10 lower income regions were located outside capital cities and these lower rates reflected the established pattern of lower levels of formal education in regional and remote areas⁶.

These lower education levels at least partly reflect the education requirements of the occupations and industries in these regions. For instance, the Agriculture, forestry and fishing industry was the largest employer in 4 of the top 10 lower income regions. Of all industries, it had the highest proportion of workers who had not completed Year 12. In 2006, of Australians working full-time in this industry 66% had not completed Year 12 compared with 43% of all full-time workers.

Proportion of people who had not completed Year 12 and were not attending school (aged 15–19)



(a) Excludes mining regions Fortescue and De Grey.

In 2006, in Australia’s top 10 lower income regions, of the 15–19 year olds who had not completed Year 12, 27% were not attending school or any other education institution. In comparison, the 15–19 year olds in Australia’s top 10 higher income regions (excluding the two mining dominated regions) were far less likely to be early school leavers: 8.2% of those who had not completed Year 12 were not attending school or any other education institution.

Despite the greater likelihood that 15–19 year olds who lived in the top 10 lower income regions had left school early, the employment patterns of early school leavers in the top 10 lower income regions and the top 10 higher income regions were very similar. In 2006, in both higher and lower income regions respectively, 61% and 58% of 15–19 year olds who had left school early were employed, 14% and 16% were unemployed, and 26% and 27% were not in the labour force. These similar employment outcomes, combined with a greater proportion of the young people in the top 10 lower income regions leaving school early, indicates that the employment markets in these regions are able to provide relatively more employment to young people without Year 12 qualifications, compared with higher income regions. The ability of local employment markets to provide employment to these young people may also play a role in greater proportions of early school leavers, as the young people may choose to seek the available employment rather than stay at school.

Of 15–19 year olds who lived within the higher income mining regions (Fortescue and De Grey) and had not completed Year 12, a very high proportion (43%) did not attend school. This high proportion may be associated with these two mining regions being non-capital city

areas; where this characteristic was more consistent with the top 10 lower income regions and all non-capital city areas. Of the Fortescue and De Grey youth not attending school, 62% were employed, 11% were unemployed, and 27% were not in the labour force.

Hours worked

A person’s income level is associated with the number of hours they work. Within every occupation, part-time workers (those who worked less than 35 hours in the week prior to the census) were much more likely to receive lower incomes than full-time workers.

In 2006, the top 10 lower income regions had proportionately more part-time workers than Australia overall (averages of 38% and 32% of employed people, respectively). In contrast, only 28% of employed people living in the top 10 higher income regions were part-time workers. That said, certain lower paying industries in lower income regions employed many people who worked very long hours. For instance, 17% of those working in the Agriculture, forestry and fishing industry—the leading industry in 4 of the top 10 lower income regions—worked more than 60 hours in the week prior to the 2006 Census. This compares with 4.2% of all people in all industries. Farmers and farm managers accounted for 80% of those employed in the Agriculture, forestry and fishing industry who worked more than 60 hours.

Across the country, employed women were more likely to work part-time than employed men (47% compared with 18%). However, while part-time employment was generally higher among lower income regions, these regions did not necessarily have more female workers. Indeed, in the top 10 lower income regions, 46% of the employed population were women—compared with 48% in the top 10 higher income regions.

Endnotes

1 Personal income is gross personal income. For details of the personal income groups used see Glossary.

2 Data available on request, 2005–06 Survey of Income and Housing (SIH).

3 For a description of the different occupation skill levels, see Glossary.

4 Place of usual residence was located in a different Statistical Subdivision than 5 years prior.

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5 Australian Bureau of Statistics (ABS) 2006, *Average Weekly Earnings, Australia, August 2006*, cat. no. 6302.0, ABS, Canberra.

6 ABS 2003, 'Participation in education: Regional differences in education and outcomes' in *Australian Social Trends 2003*, cat. no. 4102.0, ABS, Canberra.