



WHO IS COVERED BY THE STATE INDUSTRIAL RELATIONS SYSTEM?

An information guide

Generally, the State industrial relations system in Western Australia covers organisations (and their employees) that are public sector entities, sole traders, unincorporated partnerships, unincorporated trust arrangements, incorporated associations that are not trading or financial corporations and other not-for-profit organisations that are not trading or financial corporations.

This document provides information on the numbers of employees and employers potentially covered by the State system.

Employees

1. Analysis provided by the Secretariat for the Review estimates that the State industrial relations system potentially covers from one in five employees (21.7 per cent) to more than one-third of Western Australian employees (36.2 per cent).¹
2. The proportion of employees is based on Australian Bureau of Statistics (ABS) *Employee, Earnings and Hours* survey data from 2010. Unfortunately this data is no longer available although it is unlikely that jurisdiction coverage has changed significantly since 2010. System coverage can be determined by two different methods, with both methods providing an estimate of coverage under the State system, though with some limitations:
 - a) identification of system coverage based on reported employee pay setting methods; and
 - b) collection of employer information by type of legal organisation.

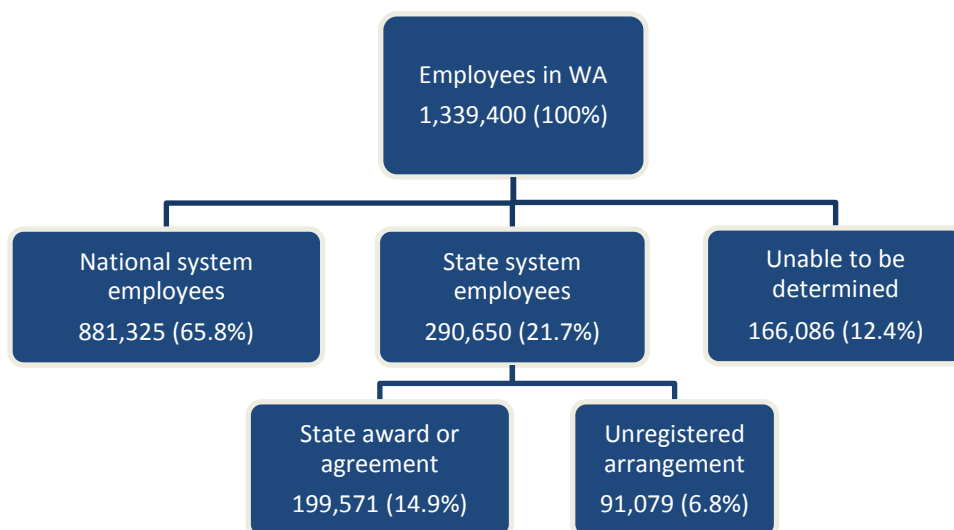
Pay Setting Methods

3. As can be seen in Figure 1 below, it is estimated that 21.7 per cent of employees are covered by the State system according to pay setting methods; although it should be noted that 12.4 per cent were unable to be determined. The large proportion of undetermined coverage means that this method is not deemed reliable enough to adequately estimate employee system coverage in Western Australia. The estimated number of employees is based on the latest available ABS *Labour Force* survey estimates.²

¹ ABS (2011) *Employee Earnings and Hours, Australia, May 2010*, catalogue no. 6306.0, unpublished data request.

² ABS (2018) *Labour Force, Australia, December 2017*, catalogue no. 6202.0, Table 8 (trend data series).

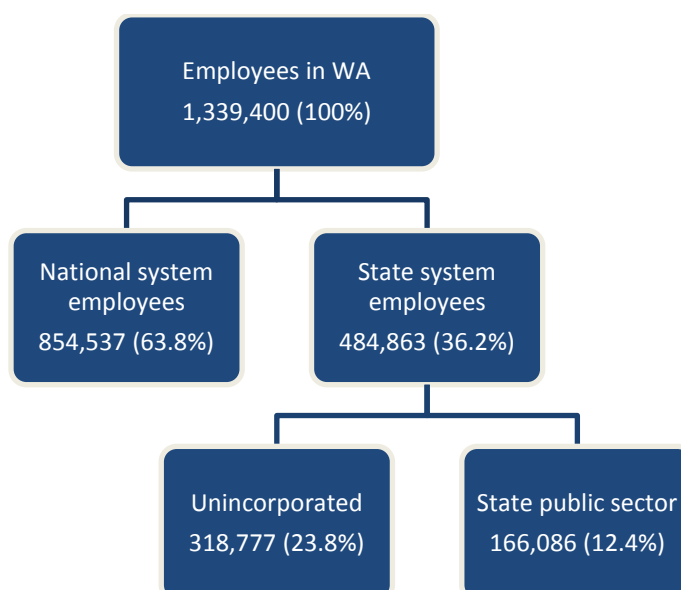
Figure 1: Number and proportion of employees by pay setting methods, Western Australia



Type of Legal Organisation

- As per Figure 2 below, the proportion of State system employees by type of legal organisation or entity is estimated to be 36.2 per cent (484,863 employees). It should be noted that the small proportion of local government authorities that are considered to be operating in the State system has not been included in this estimate. The estimated number of employees included below is based on the latest available ABS *Labour Force* survey estimates.³

Figure 2: Number and proportion of employees by type of legal organisation (entity), Western Australia

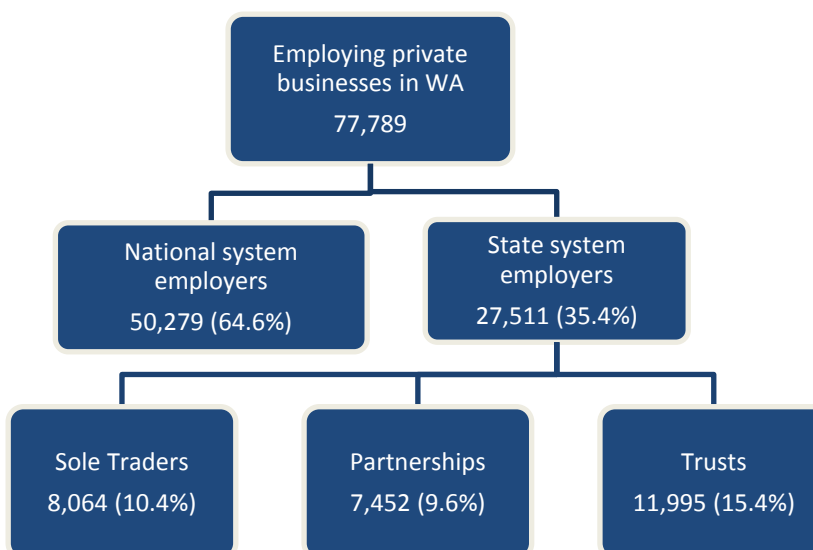


³ ABS (2018) *Labour Force, Australia, December 2017*, catalogue no. 6202.0, Table 8 (trend data series).

Employers

5. Newly obtained unpublished administrative data from the Australian Taxation Office (ATO) has been analysed by the Secretariat for the Review to estimate the proportion and number of employing businesses (excluding public sector and local government authorities) that are potentially covered by the State system.⁴ The ATO manages administrative data for all businesses that are registered for pay as you go (PAYG) withholding and for GST registration receipts with the ATO.
6. Based on this data, it is estimated that a maximum of 35.4 per cent of private sector employers in Western Australia are covered by the State industrial relations system (27,511 employing businesses). This analysis is based on business entity types which can be used to identify unincorporated businesses. The analysis made the following assumptions:
 - a) All sole traders (individuals) are considered unincorporated;
 - b) The majority of employing and non-employing partnership businesses (86.8 per cent) consist of partnerships between individuals, rather than between incorporated businesses, and are therefore more likely to be unincorporated. The data was revised to exclude potential incorporated businesses from the partnership data; and
 - c) Trust business structures are highly complex and can include fixed, hybrid or public trusts of varying types. Unfortunately the ATO data cannot distinguish between which trust entities would be considered covered by the State system as trustees were not identifiable. Data available from the Australian Business Register on all trusts (those that employ and those that do not employ) indicates that 54.4 per cent of all trust businesses have an individual as a trustee. Based on this information, this analysis has inferred that 54.4 per cent of employing trust businesses are unincorporated.
7. Figure 3 below illustrates by entity type the proportion and number of employers covered by the State industrial relations system.

Figure 3: Proportion and number of private sector employers, Western Australia



⁴ ATO (2017) Unpublished administrative data available upon request, 2014-15. Trust and partnership business data from the ABR was accessed 5 January 2018. The data is for active ABN businesses only but does not identify whether they employ or not.