



State Industrial Relations Coverage in WA: How many employees are covered?

Employees and employers in Western Australia are covered either by the national or State industrial relations system. Determining who is covered under these systems depends on how the employing business is set up and the nature of its activities.

The national system covers employers that are trading, financial or foreign corporations, often referred to as 'constitutional corporations'. The national system also covers the Commonwealth government as an employer, and the Territories.

The State industrial relations system generally applies to employers that are not covered under the national system; therefore the State system covers unincorporated businesses (e.g. sole traders) and the public sector.

It is difficult to determine exactly how many employees are covered under the State industrial relations system as comprehensive data is unavailable. The most representative information is sourced from the Australian Bureau of Statistics (ABS) Survey of Employee Earnings and Hours¹, May 2010 (EEH survey).

Using this data, system coverage can be determined by two different methods, with both methods providing an estimate of coverage under the Western Australian system, though with some limitations:

- identification of system coverage based on reported employee pay setting methods;
- collection of employer information by type of legal organisation (TOLO).

Based on this data it is estimated that the State industrial relations system potentially covers from one in five employees (21.7%) to more than one-third of Western Australian employees (36.2%)².

Looking at pay setting methods, it is estimated that:

- A minimum of 21.7% WA employees are covered under the State system, though it could be as high as 34.1%; and
- Due to the large proportion of undetermined coverage by pay setting information (12.4%), it does not provide an accurate estimate of coverage under the State system.

By using the type of legal organisation of the employer, it is estimated that:

- Unincorporated businesses employ approximately 23.8% of Western Australia's workforce;
- The Western Australian State government employs approximately 12.4% of Western Australia's workforce; and
- The State industrial relations system could therefore cover as many as 36.2% of Western Australian employees.

¹ ABS, *Employee Earnings and Hours, Australia*, May 2010, (cat. no. 6306.0) (EEH survey).

² This estimate is calculated by combining the proportion of employees employed by unincorporated entities (23.8%) and State government employees (12.4%).



Pay Setting Methods

By using pay setting method data, an estimate of system coverage for Western Australian employees can be made. As seen in Table 1, the EEH survey estimates that almost two-thirds of Western Australian employees are covered under the national system, a further 21.7% are covered under the State system, and 12.4% were unable to be determined.

As a large proportion of coverage in Western Australia was undetermined from pay setting information, this method is not reliable enough to adequately estimate system coverage in WA.

The EEH survey provides only the estimated proportion of employees covered, not the number of employees this represents. As a guide, Table 1 also includes employee numbers from the ABS Labour Force survey³. Due to the differences in sample methodologies used for these two surveys (household versus business) the employee numbers should be used with caution.

**Table 1:
Methods of Pay Setting by System,
Western Australia, May 2010⁴**

System		Proportion of employees (%)	Number of employees ('000) ⁺
National system			
	National award or agreement (a)	37.1	449.0
	State award or agreement (b)	0.1	1.3
	Unregistered arrangement (c)	25.0	302.6
	Working proprietor or incorporated business	3.6	43.6
	<i>Total national system</i>	<i>65.8</i>	<i>796.3</i>
State system			
	State award or agreement	14.9	180.3
	Unregistered arrangement (c)	6.8	82.3
	<i>Total State system</i>	<i>21.7</i>	<i>262.6</i>
	Unable to be determined (d)	12.4	150.1
Total		100.0	1,210.2

⁺ Estimate has a relative standard error of between 25 and 50 per cent and should be used with caution.

^{*} Labour Force survey data has been included as a guide only and should be used with caution.

(a) Includes employees transitioning out of the national system.

(b) Includes employees transitioning into the national system.

(c) Includes employees receiving over award pay.

(d) Employees whose system coverage for pay setting was unable to be determined.

³ Calculated by allocating employee numbers based on the proportions reported for the EEH survey, for the same corresponding period (May 2010) in the ABS Labour Force survey.

⁴ EEH survey, unpublished data and ABS, *Labour Force, Australia, May 2010*, (cat. no. 6202.0).



Type of Legal Organisation

The EEH survey also collects information on the employer type of legal organisation (TOLO). This data classifies business entities into three broad groups: incorporated private entities; unincorporated private entities; and public entities⁵.

Table 2 indicates that more than half (53.8%) of Western Australian employees worked for incorporated businesses, 23.8% were employed by unincorporated businesses and a further 12.4% were employed by the Western Australian State Government. As per the definition of coverage under the State industrial relations system, the combination of unincorporated business and State government employment equates to approximately 36.2% of Western Australian employees. State government corporations (government trading entities) have been excluded as they do not form part of the public sector. There are some classification issues for unincorporated entities as trusts are included⁶.

Table 2:
Proportion of Western Australian Employees
by TOLO, May 2010⁷

TOLO	Proportion of employees (%)	Number of employees ('000) ⁺
National system		
Incorporated	53.8	651.1
Federal government	1.1	13.3
State government corporation	5.8	70.2
Local government	3.1*	37.6
<i>Estimated national system coverage</i>	63.8	772.1
State system		
Unincorporated	23.8	288.0
State government	12.4	150.1
<i>Estimated State system coverage</i>	36.2	438.1
Total	100.0	1,210.2

* Estimate has a relative standard error of between 25 and 50 per cent and should be used with caution.

+ Labour Force survey data has been included as a guide only and should be used with caution.

The proportions shown in Tables 1 and 2 do not correspond - in Table 1 the minimum proportion of employees covered under the State system is 21.7%, whereas in Table 2 it is 36.2%. Due to the 12.4% of undetermined system, an accurate allocation by State and national system coverage in Table 1 is not possible, whereas in Table 2, all employees can be classified by TOLO. Therefore, the system coverage identified through TOLO analysis provides a better estimate than the proportion provided from pay setting information.

TOLO by industry provides further insights into the main private sector employing industries covered under the State system (Table 3). In May 2010, unincorporated employers were more likely to be in the industries of rental, hiring and real estate services (76.7%), other services (55.1%), accommodation and food services (54.6%), administrative and support services (39.9%), and retail trade (36.1%).

⁵ ABS, *Standard Economic Classification of Australia (SESCA)*, 2008, (cat. no.1218.0).

⁶ Due to sample size and confidentiality issues a further breakdown, such as unincorporated employers into trusts and partnerships, is not available.

⁷ EEH survey unpublished data and ABS, *Labour Force, Australia, May 2010*, (cat. no. 6202.0).



Table 3:
Proportion of Western Australian Employees
by TOLO and Industry, May 2010⁸

Industry	Unincorporated (%)	Incorporated (%)	State Govt (%)	Federal Govt (%)
Agriculture, forestry and fishing	NA	NA	NA	NA
Mining	1.3 ⁺	98.7	—	—
Manufacturing	26.0 [*]	74.0	—	—
Electricity, gas, water and waste services	2.7 [*]	31.3	—	—
Construction	np	61.3	—	—
Wholesale trade	11.3	88.7	—	—
Retail trade	36.1	63.9	—	—
Accommodation and food services	54.6	45.4	—	—
Transport, postal and warehousing	13.1 [*]	62.9	—	np
Information media and telecommunications	12.5 [*]	87.5	—	—
Finance and insurance services	np	81.1	—	—
Rental, hiring and real estate services	76.7	np	—	—
Professional, scientific and technical services	33.1	57.7	4.4 ⁺	np
Administrative and support services	39.9	60.1	—	—
Public administration and safety	0.8 [*]	3.6 [*]	44.3	6.8
Education and training	14.7 [*]	np	np	—
Health care and social assistance	9.6 [*]	58.6	np	—
Arts and recreation services	np	57.1 [*]	—	—
Other Services	55.1	np	np	—
All industries	23.8	53.8	12.4	1.1

NA Not available as agriculture, forestry and fishing industry employers are not included in this survey.

Np Not publishable due to confidentiality.

— Blank or zero returns.

^{*} Estimate has a relative standard error of between 25 and 50 per cent and should be used with caution.

⁺ Estimate has a relative standard error greater than 50 per cent and is considered too unreliable for general use.

Note on Data Sources

The primary data source used to identify State industrial relations coverage (EEH survey), is a sample survey, with businesses being selected to represent themselves and other businesses with similar characteristics. A sample survey is a cost-effective and timely method of collecting detailed information about employees from businesses, however due to the survey methodology introduced survey error is unavoidable.

The ABS publishes the magnitude of errors so that data users can assess the reliability or accuracy of the estimates that are released. The EEH survey errors for Western Australia estimates are higher when disaggregated further by pay setting methods or industry and should be used with caution.

⁸ EEH survey, unpublished data.