Total personal income

2001 Census question

26 From all the sources of income you marked in question **25**, what will the total income be

- that you yourself got
- before tax or anything was taken out of it
- in the 12 months that will end on 31 March 2001?

Remember to mark your answer like this:

- loss
- zero income
- $1 - $5,000
- $5,001 - $10,000
- $10,001 - $15,000
- $15,001 - $20,000
- $20,001 - $25,000
- $25,001 - $30,000
- $30,001 - $40,000
- $40,001 - $50,000
- $50,001 - $70,000
- $70,001 - $100,000
- $100,001 or more

Background

A number of issues with the 'total personal income' question were identified as problems. Firstly, a high and increasing non-response rate, and secondly, changes in income distributions over the past 10 years have resulted in a "heaping" of time series data for the income bracket $30,001–$40,000.

Thirdly, in 2001 there were many calls to the Helpline from beneficiaries and pensioners who thought that, having marked a source of income, they did not need to mark an income band because "they would know what I got from that". Aside from complaints about a perceived invasion of privacy, others had difficulty calculating their income to answer the question. Those receiving of superannuation or benefits were unsure if they paid tax, and only knew the amount that went into their bank accounts.

Development objectives/plan

The objectives identified for the 2006 development were to improve response rates and data quality by:

- splitting the income band $30,001–$40,000 in two and investigating the possibility of splitting the highest income band ($100,001 or more) to read $100,001–$150,000 and $150,001 or more
- investigating ways of encouraging respondents to answer the income questions
- investigating whether changing the location of the income questions on the form may improve response rates.

To meet these objectives a comprehensive programme of testing was conducted including cognitive testing, analysis of data from field tests and consultation with key stakeholders.

Cognitive testing

The cognitive testing programme was conducted between April 2003 and May 2005 with respondents of varied age, gender and ethnicity. Interviewers observed respondent form-filling behaviour and asked a series of follow-up questions.

The ‘total personal income’ question was redeveloped and tested during rounds two, three and four of the cognitive testing programme.

Cognitive testing results

Overall, cognitive testing found that most respondents were able to identify their total income band. However, some beneficiaries, superannuitants or those with variable incomes had trouble calculating their gross annual income. Testing did not highlight any effects as a result of changes to the question.

Round two: June to December 2003

Testing found that this question was cognitively challenging for respondents with variable incomes, multiple incomes or changing employment circumstances during the year. Some respondents had difficulty calculating their gross annual income, such as beneficiaries, retired people or those whose income source in the past 12 months had not been a salaried job. Superannuitants who received income from various sources (where some of their income already had tax removed), and did not know what the tax rate was struggled to answer this question.

The majority of respondents interpreted the phrase 'sources of income' as intended, namely income or money gained from earnings or payments from employment, work or benefits.

A recommendation was made to adapt the 2001 income calculator used by Helpline staff for direct use by respondents in the Guide Notes.

Round three: March to July 2004

For round three testing an income calculator was developed by subject matter experts and included in the Guide Notes. An instruction bubble was added to the form saying 'See the Guide Notes to help work out your income', to alert respondents to the fact that the Guide Notes contained information that may help them answer the question.

Testing found that adding the instruction bubble to the form did prompt respondents who saw it to consult the Guide Notes. The income information was useful for some respondents, but the income calculator table would have been more useful if it showed net weekly and fortnightly amounts which corresponded to a gross annual figure (particularly for those who only knew what they got in their bank account each pay period). Other respondents thought the income information contained in the Guide Notes would be helpful even though they did not use it when answering the question.

The majority of respondents tested did not experience problems specifying their total income band. There were no respondents who marked more than one income band, nor did anyone comment about the split income bands $30,001–$35,000 and $35,001–$40,000.

As found in round two, there was generally a good understanding of the phrase 'sources of income'.

Round four: November 2004 to May 2005
For round four testing an updated income calculator table was added to the Guide Notes, along with information outlining what the income data is used for and by whom. The guide note text also included a reiteration that all answers are kept confidential to encourage respondents to answer the income questions.

The testing follow-up question asking respondents what the phrase 'sources of income' meant to them was removed because the previous rounds had shown that there was generally a good understanding of this phrase with most respondents interpreting it as intended.

In round four the 'total personal income' question generally worked well. However, as found earlier, the question was cognitively challenging for respondents with variable incomes, multiple incomes or those who have had changing employment circumstances during the year.

As found in round three, there were no respondents who marked more than one income band.

Some tertiary students included their student loan and living costs when answering this question.

The instruction bubble 'See the Guide Notes to help work out your income' did prompt some respondents who saw it to consult the Guide Notes. Many respondents thought the income information and calculator table were useful.

Field test results

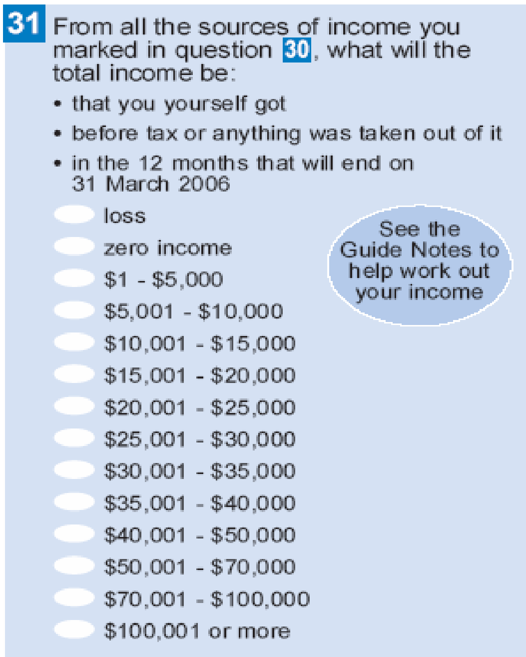
Field test: June 2004
Analysis of the June test data showed that there was a more even distribution across the income range $30,001–$40,000.

Dress rehearsal: 8 March 2005
Analysis found the non-response rate to this question was higher than the non-response rate in 2001, possibly due to the voluntary nature of the dress rehearsal.

Splitting the $30,000–$40,000 income band into two bands proved successful. The numbers of people in this income bracket were more evenly distributed as opposed to the large peak in 2001.

A clear majority of respondents selected one income band only. Apart from the non-response rate, there did not appear to be any major issues.

Changes made for the 2006 Census



31 From all the sources of income you marked in question **30**, what will the total income be:

- that you yourself got
- before tax or anything was taken out of it
- in the 12 months that will end on 31 March 2006

- loss
- zero income
- $1 - $5,000
- $5,001 - $10,000
- $10,001 - $15,000
- $15,001 - $20,000
- $20,001 - $25,000
- $25,001 - $30,000
- $30,001 - $35,000
- $35,001 - $40,000
- $40,001 - $50,000
- $50,001 - $70,000
- $70,001 - $100,000
- $100,001 or more

See the Guide Notes to help work out your income

For 2006 the income bands $30,001–$35,000 and $35,001–$40,000 replace the single band of $30,001-$40,000. There is a new bubble instruction referring respondents to the Guide Notes. Both income questions remain in the same position on the form as in 2001 to provide consistency. The top income band remains as it was in 2001 due to space constraints on the form.

Future development

Analysis of the 2006 data will determine whether item non-response rates have reduced. For the 2011 development it will be necessary to continue investigating ways of reducing the non-response rate.

Consideration may need to be given to data users' desire to split the top income bracket in two. Another option to consider is the possibility of including net weekly or fortnightly amounts beside each income band on the form itself to help respondents identify their total income without having to refer to the Guide Notes.