

## Half of Bill Shorten's minimum wage workers are in top 50pc8

Almost half of the near 7 per cent of workers who take home a low or minimum wage are actually living in the richest half of households. **Gabrielle Charotte**



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Hiking [Australia's minimum wage](#) may not just benefit who you think it will - the struggling single-income battler providing for a family.

Almost half of the near 7 per cent of workers who take home a low wage are actually living in the richest half of households.

Analysis provided to *The Australian Financial Review* by the Melbourne Institute of Applied Economic and Social Research shows that 13 per cent of workers effectively on minimum wages live in households that enjoy the top 20 per cent of incomes in the nation.

Many are young adults in study, potentially living at home, and primarily aged between 21 and 34 years. Many are women with a secondary income .

The figures challenge Labor leader [Bill Shorten's assertion last week](#) - as he called for a dramatic surge in hourly pay for low income workers - that "the minimum wage is no longer a living wage". "Our goal should be a real, living wage - effectively raising the pay of all Australians, particularly the 2.3 million who depend upon the minimum rates in the awards," he said.

Business groups and many economists have warned against large hikes in the minimum wage, which is [already among the world's highest](#), saying they will be paid for by companies that will slow hiring, particularly among low-skilled workers, and incentivise businesses to accelerate the replacement of labour with technology.

The Institute's findings undermine the notion that the minimum wage is a "living wage" for most who receive it, and it suggests that relatively few low income earners sit on the bottom rungs of the pay scale forever.

Using Household Income and Labour Dynamics in Australia data on workers receiving no more than 60 per cent of the national median income, the

research shows that only 21 per cent are what might be termed "harvester workers" - or those supporting a household on a single, minimum wage.

The term refers to the 1907 Harvester judgment, which determined for the first time in Australia what an unskilled worker needed to keep a wife and three children in "frugal comfort".

The structure of the workforce in 2018 suggests Harvester man is a relative rarity. According to the research, around 20 per cent of low-income workers are the sole source of money in a household with other members.

"The big story - to the extent that there would be wage gains from a decision to increase the minimum wage - is that a lot will be captured by rich households," said Mark Wooden, professor at the Melbourne Institute.

"Almost 44 per cent are in the top half of the income distribution, and only 16 per cent are in the bottom quintile," he said. The figures challenge Labor leader Bill Shorten's assertion last week - as he called for a dramatic surge in hourly pay for low income workers - that "the minimum wage is no longer a living wage". **Alex Ellinghausen**

"As an anti-poverty measure, this is pretty crude and so unlike what Australia has been doing for the last 50 years.

"We've got a highly targeted tax and transfer system - some say the most targeted in the world - with our income means testing. We make sure our income support goes to the people in need."

"This would be the opposite of that; a highly untargetted scheme whereby a lot of the benefits won't go to very poor households - and that's assuming there are benefits and that you keep the job and your hours worked won't be affected as a result of the increase in the minimum wage."

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