




Fair Work  
Commission

# Award-reliant employees in the household income distribution of employees: an update

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Fair Work Commission

February 2025  
Research report 2/2025




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ISBN 978-1-7636196-1-6

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All research undertaken or commissioned by the Fair Work Commission for the Annual Wage Review 2024–25 has been agreed by the Minimum Wages Research Group (MWRG). The MWRG comprises a Chair from the Fair Work Commission, and representatives nominated by:

- Australian Chamber of Commerce and Industry (ACCI);
- Australian Industry Group (Ai Group);
- Australian Council of Social Service (ACOSS);
- Australian Council of Trade Unions (ACTU);
- Australian Government; and
- State and territory governments.

An appropriate reference for this report is:

van Netten J and Lipp J (2025), *Award-reliant employees in the household income distribution of employees: an update*, Fair Work Commission Research Report 2/2025, February.

The authors would like to thank Professor Roger Wilkins from the Melbourne Institute of Applied Economic and Social Research, as well as David Rozenbes, Samantha Farmakis-Gamboni, Katie Biddlestone, and Eloise Givney from the Fair Work Commission.

A draft of this report was also workshopped with the MWRG prior to finalisation. The authors would like to thank the MWRG for its comments.

The contents of this report remain the responsibility of the authors and the research has been conducted without the involvement of members of the Fair Work Commission.

# Executive Summary

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In the *Annual Wage Review 2023–24* decision, the Expert Panel noted the importance of understanding the experiences of award-reliant employees who are low paid and live in low-income households. This paper updates previous Fair Work Commission research on the household disposable incomes of award-reliant employees, extending the analysis to separately consider employees who are award reliant *and* low paid. The paper uses data from the 2023 Household Income and Labour Dynamics in Australia (HILDA) Survey to examine the position of both cohorts across the household income distribution of all employees, and to determine how their individual, work and household characteristics vary across the distribution.

## Related literature


This paper is based on the *Annual Wage Review 2016–17* research report by Jimenez and Rozenbes (2017). They found that award-reliant employees in 2015 were highly concentrated in the lower part of the equivalised household disposable income distribution of employees, with almost half in the bottom 3 deciles and fewer than 15 per cent in the highest 3 deciles.

Prior research had found that award-reliant employees were not particularly concentrated in lower income households when using a comparison group of working age individuals, but found similar results to Jimenez and Rozenbes when the comparison group was based only on employees.

Research focusing specifically on low-paid award-reliant employees is more limited and has not examined household income.

## Data and methodology

The HILDA survey is the only data source that allows for linking an employee's method of setting pay with information on their household income and various individual, work, and household characteristics. The main concern with the data is that household income is measured over the previous financial year rather than at the time of the survey, when the employee's method of setting pay is captured, and may be influenced by current employees having experienced joblessness over that



period. To check whether our main results are influenced by this, we generate alternative distributions excluding employees who were not continuously employed for the entire previous financial year. This was not found to change our results.

A second concern is that the data on method of setting pay is based on employees' own assessment rather than employer information and that, in particular, HILDA data differs to employer-based survey data in having a higher proportion of public sector workers identified as award-reliant. We follow previous literature by treating all public sector employees as not being award reliant. While this likely excludes some genuine award-reliant employees, they are unlikely to be *modern* award reliant, making the sample more relevant to annual wage reviews.

Household income distributions were constructed on the basis of individual employees. We then calculate the share of award-reliant employees in each decile, and the share of low-paid award reliant employees in each quartile (due to the smaller sample size of the cohort) of the distribution.

## **Key findings**

### *Overall distributions*

- Award-reliant employees are highly concentrated at the bottom of the distribution with just over two-thirds located in the bottom half and about one-third in the bottom 2 deciles.
- Low-paid award-reliant employees were even more concentrated at the lower end of the distribution, with just over three-quarters located in the bottom half and about half in the bottom quartile.

### *Changes over time*

- The level of concentration for all award-reliant employees in the bottom half and bottom quintile of the distribution has been relatively stable since 2016, after a peak in 2014.

### *Individual characteristics*

- Employees aged 25 years and under were relatively less concentrated in the lower end of the distribution among both employee cohorts.
- Relatively fewer women were in the bottom half of the distribution in both cohorts.

- Award-reliant employees living in regional areas were relatively higher in proportion in the bottom half of the distribution in both cohorts.

#### *Work characteristics*

- Low-paid award-reliant employees working less than 20 hours were concentrated in the bottom half of the distribution, however, there was no clear pattern to how employees with different *preferred* hours of work were located across the distribution.
- Labourers were concentrated in the lower half of the distribution for both cohorts, but no other occupation showed an association with household income.
- None of the selected industries showed a clear association with household income.

#### *Household characteristics*

- Dependent students were less commonly located in the lower end of the distribution among both cohorts.
- Primary income earners were more common in the bottom half of the distribution among both cohorts.
- Couples with dependent children were concentrated in the bottom half of the distribution among both cohorts. The vast majority of low-paid award-reliant single parents with dependent children were located in the bottom quartile, while for the award-reliant cohort, they were only slightly concentrated in the bottom half.

#### *Financial stress*

- Employees experiencing only one of the two selected financial stress indicators were concentrated in the bottom half of the distribution, suggesting that household income is not a perfect predictor of financial difficulty.
- Employees who had 'asked for financial help from friends or family' during the survey year were not strongly concentrated in the bottom half of the distribution among either cohort.
- Employees who 'could not pay electricity, gas or telephone bills on time' were more commonly in lower income households, but some were still located in the middle of the distribution.

# Table of contents

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1. Introduction.....	11
2. Related literature.....	14
3. Data and methodology .....	16
<b>3.1 Data .....</b>	<b>16</b>
<b>3.2 Employee samples and distributions .....</b>	<b>18</b>
4. Award reliance and household income.....	22
<b>4.1 Individual characteristics.....</b>	<b>26</b>
4.1.1 Sex.....	26
4.1.2 Age.....	28
4.1.3 Location .....	29
<b>4.2 Work characteristics .....</b>	<b>31</b>
4.2.1 Hours of work.....	31
4.2.2 Preferred hours of work.....	33
4.2.3 Industry .....	35
4.2.4 Occupation.....	37
<b>4.3 Household characteristics.....</b>	<b>39</b>
4.3.1 Household earner status .....	40
4.3.2 Dependent children.....	42
4.3.3 Student status.....	44



<b>4.4 Financial stress .....</b>	<b>46</b>
5. Conclusion .....	50
References .....	52
Appendix A .....	54
Appendix B.....	55



# List of charts

---

Chart 1: Employee equivalised household disposable income distribution and income deciles, all employees	21
Chart 2: Proportion of award-reliant and low-paid award-reliant employees in each decile or quartile of the employee household income distribution	23
Chart 3: Composition of household income deciles, award-reliant employees and low-paid award-reliant employees	24
Chart 4: Proportion of award-reliant employees in the bottom half and bottom quintile of the employee equivalised household income distribution	25
Chart 5: Distribution by household income and sex	27
Chart 6: Distribution by household income and age	29
Chart 7: Distribution by household income and location	31
Chart 8: Distribution by household income and hours worked	33
Chart 9: Distribution by household income and preference for hours of work	35
Chart 10: Distribution by household income and industry	37
Chart 11: Distribution by household income and occupation	39
Chart 12: Distribution by household income and earner status	41
Chart 13: Distribution by household income and dependent children	44
Chart 14: Distribution by household income and dependent student status	46
Chart 15: Distribution of award-reliant employees by household income and whether asked for financial help from friends or family	48
Chart 16: Distribution household income and whether could pay gas, electricity or phone bills on time	49
Chart B1: Distribution of award-reliant employees and employees who are both award-reliant and low-paid across household income deciles for employees who were continuously employed throughout the entire financial year	55

# List of tables

---

Table 1: Summary statistics for the employee and adult employee samples	20
Table 2: Proportions of sex among employee cohorts	27
Table 3: Proportions of age groups among employee cohorts	29
Table 4: Proportions of location among employee cohorts	30
Table 5: Proportions of hours worked among employee cohorts	32
Table 6: Proportions of preference for hours of work among employee cohorts	34
Table 7: Proportions of industry among employee cohorts	36
Table 8: Proportions of occupation among employee cohorts	38
Table 9: Proportions of household earner status among employee cohorts	41
Table 10: Proportions of dependent children among employee cohorts	43
Table 11: Proportions of student status among employee cohorts	45
Table 12: Proportions of financial stress among employee cohorts	47
Table A1: Maximum equivalised disposable household incomes by decile	54

# 1. Introduction

This paper presents an update of previous research by Fair Work Commission (Commission) staff (Jimenez and Rozenbes, 2017) on the household disposable incomes of award-reliant employees. The research was motivated by the minimum wages and modern awards objective under the *Fair Work Act 2009* that states the Fair Work Commission must take into account ‘relative living standards and the needs of the low paid’.<sup>1</sup>

The previous research considered award-reliant employees in 2015, examining their position across the disposable income distribution of employee households, and how their individual, work, and household characteristics varied across the same distribution. It found that award-reliant employees were concentrated in the lower part of the distribution, with almost half in the bottom 3 deciles and around 70 per cent in the bottom half.

In the *Annual Wage Review 2023–24* decision, the Expert Panel noted the importance of understanding the experiences of award-reliant employees who are low-paid and live in low-income households:

*‘In determining this level of increase, a primary consideration has been the cost-of-living pressures that modern award-reliant employees, particularly those who are low paid and live in low-income households, continue to experience notwithstanding that inflation is considerably lower than it was at the time of last year’s Review.’<sup>2</sup>*

This paper, therefore, extends on the previous research by separately considering employees who are award reliant *and* low paid. To our knowledge, this paper is the first to examine the location of low-paid award-reliant employees in the household income distribution.

As in the previous research, data is taken from the Household, Income and Labour Dynamics in Australia (HILDA) Survey—the only data source that allows for linking award reliance with household income. The main analysis uses the most recent data obtained from wave 23 of the survey, which was carried out in the second half of 2023.

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<sup>1</sup> Sections 284(1)(c) and 134(1)(a), *Fair Work Act 2009* (Cth).

<sup>2</sup> [2024] FWCFB 3500 at [8].

The household income distributions in this paper are based on employees only, rather than the total (or total adult) population, as in some similar analyses. The Expert Panel has consistently expressed a preference for this form of comparison, stating in the *Annual Wage Review 2017–18* decision:

*We particularly focus on the comparison between low-paid workers (including NMW and award-reliant workers) and other employed workers, especially non-managerial workers. There is little basis for comparing the household income of the low paid and the award reliant with that of households that are principally reliant on social welfare benefits or private savings, when the purpose is to identify whether an increase in the NMW and modern award minimum wages will assist the relative standard of living of the low paid.*<sup>3</sup>

Jimenez and Rozenbes (2017, pp. 7–8) showed that the comparison group selected gives a considerably different picture of where award-reliant employees are located, with award-reliant employees in 2015 being about 20 percentage points more concentrated in the bottom 3 deciles of the household income distribution of employee households than that of all households. The reference population for low-paid award-reliant employees in this report is further restricted to employees aged 21 years and over, in order to avoid employees being classified as low-paid on account of receiving a junior rate of pay.<sup>4</sup>


This paper also investigates the importance of a limitation to household income data in the HILDA survey in relation to current employment status and award reliance. As described in Jimenez and Rozenbes (2017: 3) and documented previously by Wilkins and Wooden (2011), while award reliance and other characteristics are measured at a single point in time, household income is measured across the previous financial year and may be influenced by periods of joblessness or other factors that may have changed between the periods. To gauge how much this issue influences the main results, alternative distributions for each cohort were constructed using only employees who were continuously employed throughout the previous financial year.

We find that more than two-thirds of award-reliant employees, and more than three-quarters of low-paid award-reliant employees, are located in the bottom half of the employee household income

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<sup>3</sup> [2018] FWCFB 3500 at [31]. See also [2017] FWCFB 3500 at [368] and [478], [2016] FWCFB 3500 at [326], and [2013] FWCFB 4000 at [383].

<sup>4</sup> Junior rates are set as a proportion of the full adult rate of pay.



distribution. The proportions of award-reliant employees in the bottom half and bottom quintile of the distribution have been fairly stable since 2016. The results for 2023 were similar for the alternative distribution where employees who were not continuously employed throughout the previous financial year were removed from the sample.

Many of the individual, work, and household characteristics of award-reliant employees were relatively consistent in proportion across the household income distribution, or, in other words, were not associated with household income. Differences were observed for award-reliant employees who were primary income earners and single parents, who were particularly concentrated in the bottom half of the distribution, while dependent students were relatively more concentrated in the top half. Surprisingly, employees who had recently asked for financial help from friends or family were not strongly concentrated in the bottom half of the distribution. These results were largely similar for the low-paid cohort, although low-paid award reliant employees working less than 20 hours per week were more concentrated at the bottom of the income distribution relative to other award-reliant employees in the same category.


The paper is structured as follows. Chapter 2 reviews Jimenez and Rozenbes (2017) and other related literature. Chapter 3 discusses the HILDA survey and the methods used in this analysis. Chapter 4 presents the results of the paper. This includes the overall distributions of award-reliant employees and low-paid award-reliant employees across the employee household income distribution, and an analysis of individual, work, and household characteristics of both cohorts, as well as measures of financial stress. Chapter 5 concludes the paper.

## 2. Related literature

Several studies have analysed the household incomes or other household characteristics of award-reliant, minimum-wage or other lower-paid employees in Australia. The interpretation of the results has largely depended on the choice of comparator—award-reliant or minimum wage employees tend to have lower household incomes relative to other employees, but not relative to the broader population (which includes those not employed or in the labour force).

This paper is based on the *Annual Wage Review 2016–17* research report by Jimenez and Rozenbes (2017). Their analysis was the first to examine how the characteristics of award-reliant employees vary by household income, and is the only one to have used a comparison group of employee households, rather than all households, when examining where award-reliant employees are located in a distribution of household income. They found that award-reliant employees in 2015 were highly concentrated in the lower part of the equivalised household disposable income distribution, with almost half in the bottom 3 deciles and fewer than 15 per cent in the highest 3 deciles. Compared with those in the top half of the distribution, award-reliant employees in the bottom half were more often aged 25–44 years, located in regional areas, working part-time hours, and were more likely to be the primary earner or a lone person in the household and to have dependent children. More than one-third of award-reliant employees were students, and *dependent* students were much less likely to be in the bottom half of the household income distribution than non-students and non-dependent students.

Prior research by Healy (2011) and Wilkins and Wooden (2011) similarly considered the household incomes of award-reliant employees, however neither study is strictly comparable to Jimenez and Rozenbes, differing in their samples of award-reliant employees or the reference group used to generate their distributions. Wilkins and Wooden (2011: 16) used a reference group of all individuals from the 2008 HILDA survey and found that ‘award-reliant workers are not especially concentrated in poor households’. Healy (2011) obtained similar results using data from the Australian Bureau of Statistics’ (ABS) 2003 Survey of Income and Housing and restricting the reference group to persons aged 21–64 years. The Survey of Income and Housing does not include information on employees’ pay-setting methods, meaning Healy was only able to identify ‘likely’ award-reliant workers (based on occupation and earnings) in his analysis.



Earlier research by Leigh (2007) (using ABS Income Distribution Survey data up to 2002–03) and Healy and Richardson (2006) (using the 2004 HILDA survey) found similar results for minimum wage workers. However, in line with the results for award-reliant employees in Jimenez and Rozenbes, they also found that the same cohort of minimum wage workers were concentrated in the lower deciles when the distribution was restricted to adult employees, or to people aged 15–55 years living in employee households.

Research focusing specifically on award-reliant employees who are low paid is more limited. In a report commissioned for the *Annual Wage Review 2019–20*, Wilkins and Zilio (2020) used the 2018 HILDA Survey and found that the subgroup of low-paid award-reliant employees accounted for less than half of employees within each of the broader ‘award-reliant’ and ‘low-paid’ cohorts.<sup>5</sup> Low-paid award-reliant employees were shown to have similar measures of financial wellbeing and stress to higher-paid award-reliant employees.

Distributional analyses of household income have also appeared in Australian Government submissions to annual wage reviews. The most recent was included in a submission to the *Annual Wage Review 2021–22* using data from the 2020 HILDA survey and focusing on all low-paid employees (Australian Government, 2022). It showed that almost two-thirds of low-paid employees were located in the bottom half of the household income distribution for employees.

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<sup>5</sup> Wilkins and Zilio defined low-paid employees as those earning less than two-thirds of the median hourly salary.

## 3. Data and methodology

### 3.1 Data


All data used in the analysis is sourced from the HILDA Survey, a nationally representative panel study of individuals and households that began in 2001. As documented in Jimenez and Rozenbes (2017), the HILDA survey is the only data source that allows for linking an employee's method of setting pay with information on their household income and various individual, work, and household characteristics. Our samples of employees and the information on their characteristics use data from 2023 (wave 23 of the survey). The survey's panel structure allows us to look at changes in the household income distribution over time.

Jimenez and Rozenbes (2017: 3) noted three potential limitations to the HILDA survey for this form of analysis, two of which influence how we define our award-reliant cohorts.

The first issue, originally identified by Wilkins and Wooden (2011), relates to identifying award reliance among public sector workers. Public sector workers in the HILDA survey have consistently reported being paid an award wage at a much higher frequency than the share of award-reliant public sector workers in the ABS Survey of Employee Earnings and Hours (EEH), which sources data from employers. This may suggest that many public sector employees who report being paid at an award rate are doing so erroneously.

Previous papers (Jimenez and Rozenbes, 2017; Wilkins and Wooden, 2011; Wilkins and Zilio, 2020) have dealt with this by treating all public sector employees as not being award reliant. We follow the same approach but note that best practice is more ambiguous when using the latest data. Whereas hardly any public sector employees were classified as award reliant in the 2008 EEH survey, the share jumped to 13.3 per cent in 2023—closer to the share found in the 2023 HILDA survey data (20.5 per cent) than to zero. Therefore, as the two proportions are converging, there is now less reason to reclassify these employees when seeking to identify award-reliant employees. However, as the vast majority are paid according to state government awards rather than *modern* awards (98.3 per cent of





award-reliant public sector employees in the 2023 EEH survey),<sup>6</sup> they are not within the jurisdiction of the Expert Panel and so are not directly relevant to the annual wage review.<sup>7</sup> The exclusion of public sector employees does not bring us all the way to capturing only modern award-reliant employees though, as some award-reliant employees not paid according to modern awards (6.6 per cent in the 2023 EEH survey) remain outside of the public sector.

The second issue, also documented by Wilkins and Wooden (2011), is that the measure of household income in the HILDA survey is for total income over the previous financial year, and may be influenced by periods of joblessness during that period (either unemployed or out of the labour force). This is an important consideration when comparing household incomes by award reliance, as the share of award-reliant employees who were not employed for the entirety of the previous year is much higher than for other employees (22.0 per cent and 7.2 per cent, respectively in 2023).<sup>8</sup>


The degree to which this is a concern depends on the purpose of the analysis. If the intent is to capture the general financial wellbeing of award-reliant employees, then household income from the previous financial year—regardless of whether it was influenced by a period of joblessness—may be a reasonable measure. However, if the intention is to capture the *current* household incomes of award-reliant employees, reflecting, in part, the contribution of award wages, past income data influenced by a period of joblessness could be considered unrepresentative of the experience of award-reliant employment. And on a population level, a finding that award-reliant employees have lower household incomes than other employees could be influenced by their higher likelihood of having recent periods of joblessness.

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<sup>6</sup> Statistics from the EEH survey described in this paragraph are author calculations from the detailed microdata release (ABS, 2024).

<sup>7</sup> State public sector employees in all states and territories other than Victoria, the Australian Capital Territory and the Northern Territory, and local government employees in the same states and territories along with Tasmania, fall outside of the national workplace relations system.

<sup>8</sup> The difference is still large when excluding dependent students—who are more common among award-reliant employees and less likely to have been continuously employed—from the sample (18.8 per cent for award-reliant employees to 6.7 per cent for other employees).



Our main analysis does not adjust for this issue. However, as a check of whether the results are influenced by the differing rates of joblessness in the previous year, we generate alternative distributions that exclude all employees who were not continuously employed for the entire previous financial year, unless they are dependent students (who are retained as they are unlikely to contribute a significant share of their household's total income). The main reason for keeping the larger sample in the main analysis is to ensure our cohorts of award-reliant employees are as representative of the true population as possible. Previous year joblessness is likely to be correlated both with other factors related to household income, and with many of the characteristics examined throughout the analysis. This means that changing the sample based on previous year joblessness would distort both the main income distribution results and the analysis of characteristics. A second reason is to maintain a large enough sample of low-paid award-reliant employees.

The third issue is that the HILDA survey sample may have become less representative of the population over time due to non-random sample attrition and not including newly arrived immigrants. In 2015, Wilkins (2015: 22) concluded that 'it is possible' that the HILDA survey provided a less accurate picture of the household income distribution than contemporaneous ABS data. Since then, there has only been a single small top-up sample of immigrants in wave 23 (to be further supplemented in waves 24 and 25) added to the survey (Summerfield et al. 2024: 92).

## 3.2 Employee samples and distributions

The employee sample includes all currently employed people who categorised themselves as 'employees', which is a separate category in the survey to 'employee of own business' or 'employer/self-employed'. A small number of individuals were excluded due to not knowing or reporting how their pay was set,<sup>9</sup> leaving a total sample of 8759 employees, 1519 of them identified as award reliant (Table 1). This corresponded to a weighted share of 17.8 per cent of employees (all

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<sup>9</sup> Public sector workers in this category were retained in the sample and treated as not award reliant, in line with the discussion in the previous section.

subsequent proportions described are weighted), which is slightly lower than the proportion of modern award-reliant employees reported in the EEH.<sup>10</sup> The sample was split between men and women.

Low-paid employees were defined as those aged 21 years and over (adult employees) who earned less than two-thirds of the median adult hourly wage (the median was \$39.53 inclusive of salary sacrificed payments), with wages for casual employees discounted to remove the 25 per cent casual loading.<sup>11</sup> The adult sample consisted of 7981 employees. Relatively fewer adult employees were award reliant (13.5 per cent) compared with the full employee sample, and 43.5 per cent of those who were award reliant were also low paid. While the proportion of adult employees who were low-paid and award-reliant (5.9 per cent) is identical to the nearest 0.1 per cent to the estimate reported by Wilkins and Zilio (2020) in 2018, the proportion of award-reliant employees who were low paid is more than 7 percentage points higher than their figure.

The household income distributions were constructed on the basis of individual employees. This is a slight departure from Jimenez and Rozenbes (2017), who took a distribution of households, but aligns with the other research discussed above. The approach in this report means that, in the absence of any systematic difference in household income between award-reliant employees and the rest of the sample, approximately 10 per cent of award-reliant employees would be located in each decile of the distribution.<sup>12</sup> It also means that the results are not strictly comparable to those found by Jimenez and Rozenbes.

Household disposable incomes are available as a derived variable in the HILDA survey, and we use total incomes inclusive of irregular payments such as inheritances and redundancy payments. Incomes

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<sup>10</sup> The rates of award reliance and modern award reliance in the 2023 EEH were 23.2 per cent and 20.7 per cent, respectively. The EEH does not include employees in the Agriculture, forestry and fishing industry; however, removing employees working in this industry from the HILDA survey employee sample does not alter the proportion of award-reliant employees greatly, reducing it to 17.6 per cent. See Strong J, Rozenbes D & Tomlinson J (2025), *A profile of employee characteristics of modern awards – 2023*, Fair Work Commission Research Report 1/2025, February.

<sup>11</sup> Hourly wages were derived from weekly wages using a cap of 60 hours worked in the employee's main job, as in the Statistical report for annual wage reviews.

<sup>12</sup> Or 25 per cent in each quartile for low-paid award-reliant employees.

were equivalised across different household sizes using the OECD-modified scale, following the ABS and other Australian research on household incomes.<sup>13</sup>

Table 1 presents some summary statistics for the sample.

**Table 1: Summary statistics for the employee and adult employee samples**

	Employees		Adult employees	
	No.	Per cent	No.	Per cent
<b>Award reliance</b>				
Award reliant	1519	17.8	1079	13.5
Not award reliant	7240	82.2	6902	86.5
	<b>8759</b>	<b>100.0</b>	<b>7981</b>	<b>100.0</b>
Low-paid award-reliant	-	-	463	5.9
Not low-paid award-reliant	-	-	7518	94.1
			<b>7981</b>	<b>100.0</b>
<b>Sex</b>				
Men	4232	50.0	3848	50.1
Women	4527	50.0	4133	49.9
	<b>8759</b>	<b>100.0</b>	<b>7981</b>	<b>100.0</b>
<b>Age</b>				
15-25 years	1654	20.6	-	-
21-25 years	-	-	876	12.1
26-44 years	3944	44.5	3944	49.3
45+ years	3161	34.9	3161	38.6
	<b>8759</b>	<b>100.0</b>	<b>7981</b>	<b>100.0</b>

Note: All percentages are population weighted.

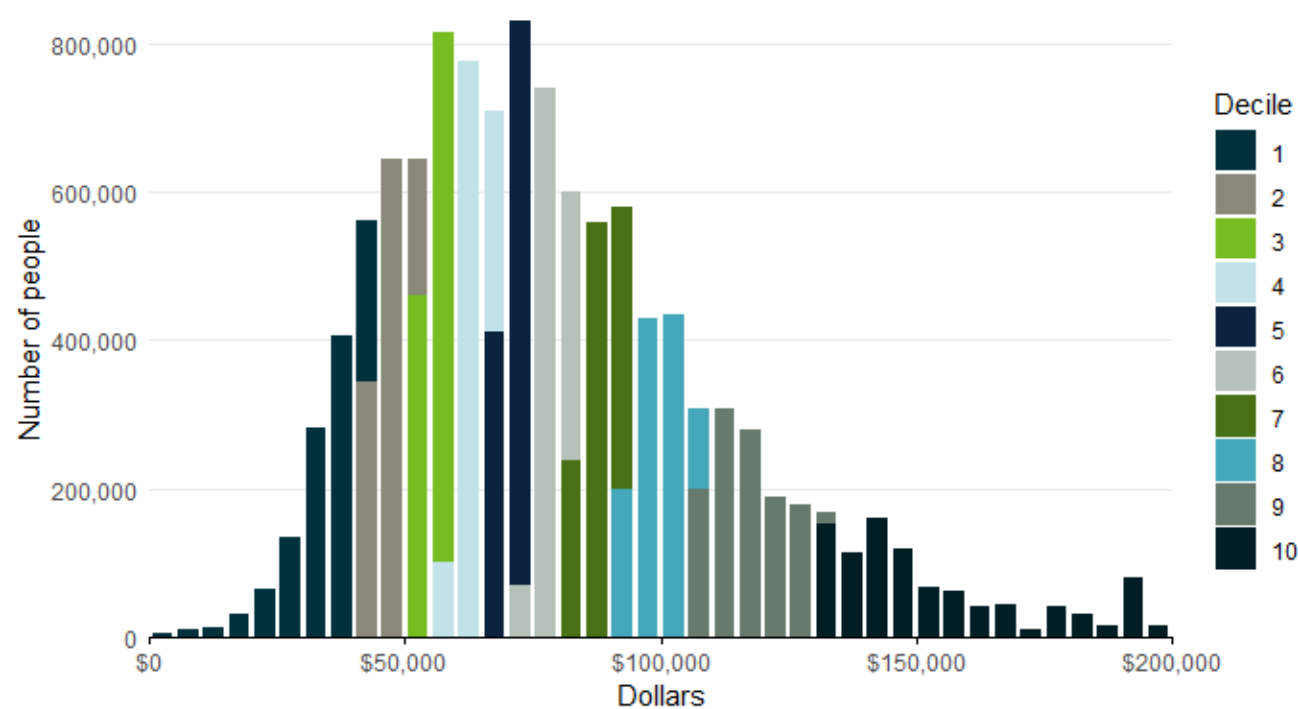
Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

Chart 1 shows the resultant household disposable income distribution and the ranges of each decile for all employees (exact decile values are presented in Appendix Table A1). Each column represents the population weighted number of employees in a \$5000 range. Columns with colours for two deciles indicate employees in the column are located in different deciles, with the fraction of each colour matching the fraction of employees in each decile. For example, just over 600 000 employees are

<sup>13</sup> We use the *OECD-modified scale*, in which a value of 1 is allocated to the household head, 0.5 to each additional person 15 years or older, and 0.3 to each child (under 15 years). Equivalised household income is then derived by dividing total household income by the sum of these values within each household (ABS, 2022; OECD, 2013).

estimated to have equivalised household incomes between \$50 000 and \$55 000. The majority of these employees (indicated by the light green) are located in the third decile and a minority are in the second decile (indicated by the grey – the maximum income value for decile 2 is \$51 496).

**Chart 1: Employee equivalised household disposable income distribution and income deciles, all employees**



Note: Incomes are in 2023 dollars. Very low and very high incomes are not shown but are included in calculations of the deciles. Columns represent income ranges of \$5000.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

## 4. Award reliance and household income

Chart 2 shows the location of award-reliant employees across the household disposable income distribution for all employees, and the location of (adult) low-paid award-reliant employees in the income distribution for adult employees.<sup>14</sup> Due to the smaller sample size of low-paid award-reliant employees, the analysis for this cohort is presented in quartiles rather than deciles. The proportions presented in every chart in this chapter, and those described in the text, are rounded to the nearest percentage point for simplicity and to account for statistical imprecision in the estimates.<sup>15</sup> Most proportions described in the text refer to larger sections of the distribution, for which estimates are more reliable than individual deciles (for example, the proportion of a characteristic in the bottom half compared to the top half).

Award-reliant employees are highly concentrated in the bottom half of the distribution (68 per cent), with the proportion rising to just over three-quarters for low-paid award-reliant employees.

The disparity in household incomes between award-reliant employees and the full employee population is evident at each end of the distribution. About one-third of award-reliant employees were located in the bottom 2 deciles, while only about 8 per cent were in the top 2 deciles. Low-paid award-reliant employees are even more concentrated at the lower end of the distribution, with the bottom quartile accounting for about half of the cohort.

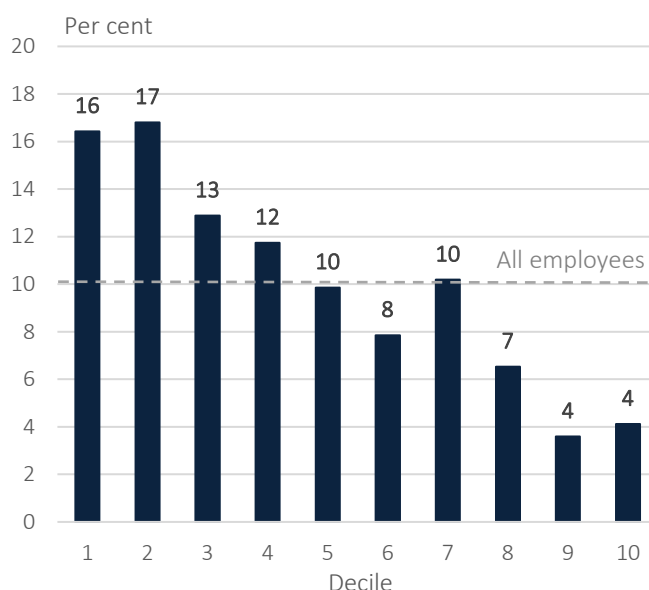
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<sup>14</sup> The cohort is referred to as low-paid award-reliant employees from hereon.

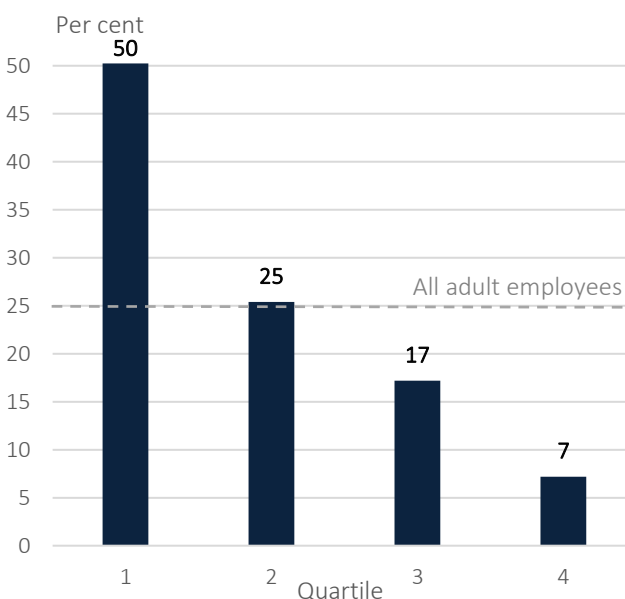
<sup>15</sup> Due to rounding and variable statistical precision, the proportions for individual deciles and quartiles presented in all of the distribution charts in this chapter should be interpreted as approximations, intended only to depict overall trends. Comparisons using the proportions from individual deciles and quartiles in the charts may be imprecise.

**Chart 2: Proportion of award-reliant and low-paid award-reliant employees in each decile or quartile of the employee household income distribution**

**Award-reliant employees**



**Low-paid award-reliant employees**



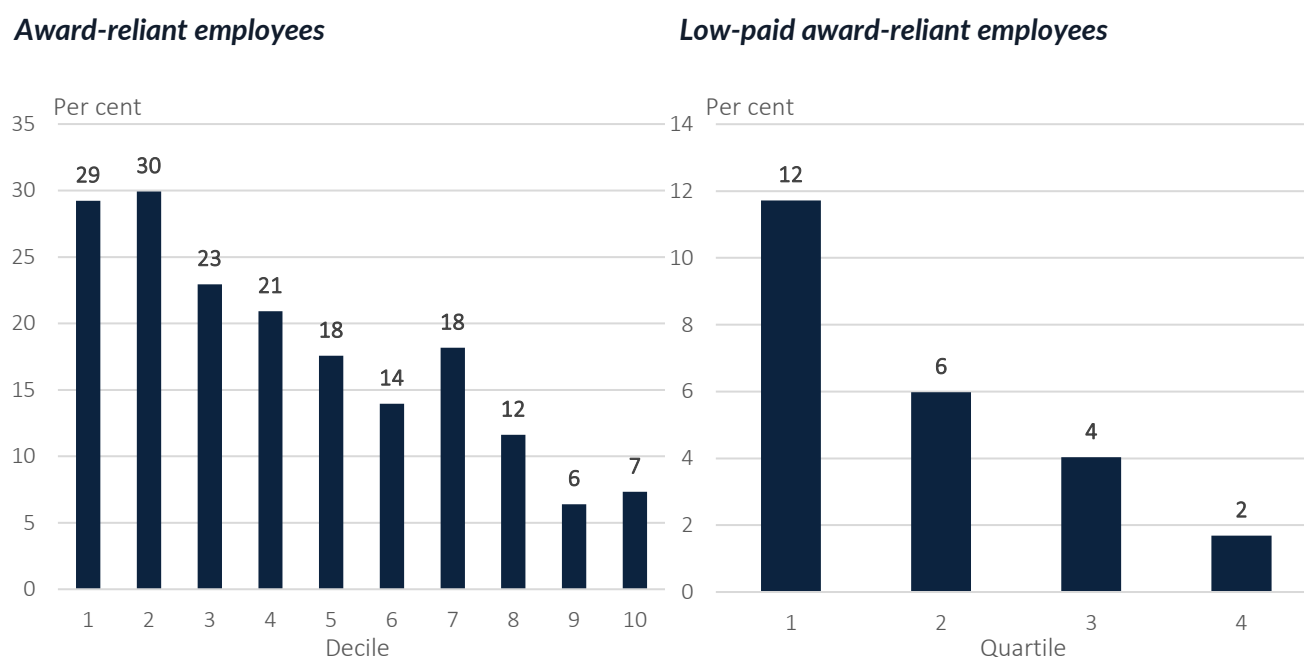
Note: Award-reliant employees include employees aged 15 years and over, and deciles are taken from the distribution of employees of the same age range. Low-paid award-reliant employees are those aged 21 years and over, and quartiles are taken from the distribution of employees of the same age range. The dashed line represents the distribution if award-reliant employees and low-paid award-reliant employees had the same distributions of household incomes as the broader employee population.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

For an alternative examination, Chart 3 shows the proportions within each household income decile made up of the cohorts of interest. For example, 29 per cent of employees located in the first decile are award reliant, 18 per cent in the fifth decile and 7 per cent in the tenth decile. Similarly, low-paid award reliant employees accounted for 12 per cent of adult employees in the first quartile and 2 per cent in the fourth quartile.

Again, we see that the proportion of award-reliant employees in each decile decreases fairly steadily from the bottom to the top of the distribution, and the proportion of low-paid award-reliant employees shows a similar trend across the quartiles.

**Chart 3: Composition of household income deciles, award-reliant employees and low-paid award-reliant employees**



Note: Award-reliant employees include employees aged 15 years and over, and deciles are taken from the distribution of employees of the same age range. Low-paid award-reliant employees are those aged 21 years and over, and deciles are taken from the distribution of employees of the same age range.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

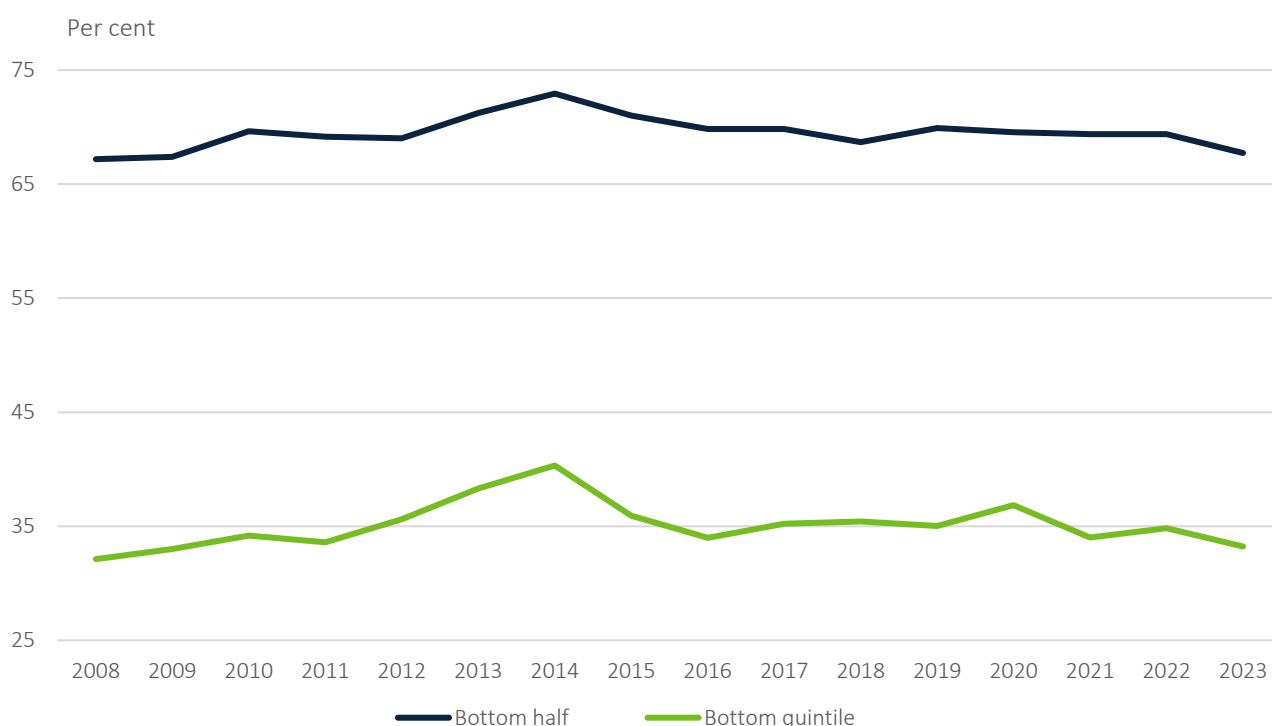
Excluding employees who were not continuously employed for the entire previous financial year and were also not dependent students makes little difference to the results. For award-reliant employees, the proportion located in the bottom half of the distribution decreases slightly to 67 per cent (Chart B1 in Appendix B), while the proportion in the bottom 2 deciles increases slightly to 34 per cent. For low-paid award-reliant employees, the proportion in the bottom half of the distribution increases to 76 per cent, with the proportion in the bottom quartile increasing to 51 per cent.

The degree of concentration of award-reliant employees in the bottom half and bottom quintile of the employee household income distribution has been relatively consistent since the HILDA survey started collecting method of setting pay information in 2008, with little change since 2016. Chart 4 shows that the estimated proportion of award-reliant employees in the bottom half of the employee household income distribution has mostly stayed at around two-thirds since 2008, peaking at close to three-quarters in 2014. Similarly, the proportion in the bottom quintile has mostly stayed at slightly above



one-third, peaking at just over 40 per cent in 2014. The proportions in 2023 for both the bottom half and bottom quintile are the lowest since 2009.

**Chart 4: Proportion of award-reliant employees in the bottom half and bottom quintile of the employee equivalised household income distribution**



Source: Household, Income and Labour Dynamics in Australia Survey, Waves 8–23.

The remainder of this chapter presents the findings relating to the individual, work, and household characteristics and financial stress experiences of these cohorts.

The sample size for some characteristics may be smaller than the overall samples as some employees may have missing responses to the relevant survey questions. This may lead to different proportions presented for each decile/quartile from what is presented in Chart 2, but do not impact the analysis.

## 4.1 Individual characteristics

This section examines the individual characteristics of award-reliant employees and low-paid award-reliant employees across the household income distribution. The characteristics examined are gender, age, and location of residence.

Analysis of each characteristic along the household income distribution is presented in charts showing the distributions of each cohort as in Chart 2. For each characteristic, the percentage shown in a decile or quartile represents the share of the cohort that both has that characteristic and is located in that decile or quartile. For example, Chart 5 shows that 9 per cent of all award-reliant employees are women who are in the bottom decile of the income distribution. A further 7 per cent are men in that same decile, summing to the 16 per cent shown in Chart 2.

Each section begins by comparing the proportions of characteristics in the award-reliant cohort with the overall employee population. We then discuss the distribution of the characteristics within the cohort, often reporting the proportions of employees with a characteristic within a certain range of the distribution. For example, in section 4.1.1 we report that women account for 52 per cent of award-reliant employees in the bottom half of the distribution. This percentage can be approximated by taking the (rounded) percentages for women in the first 5 decile columns of Chart 5 and dividing by the sum of the percentages of men and women in the same deciles. However, the results discussed in the text are calculated from the unrounded values.

We follow the same sequence for the low-paid award reliant cohort, highlighting any differences between the cohorts. The analysis is repeated in the following sections on each of the work, household, and financial stress characteristics.

### 4.1.1 Sex

Whereas the overall employee population is evenly split between men and women, women make up a greater proportion of award-reliant employees (55 per cent—Table 2).

Chart 5 shows the distribution of award-reliant and low-paid award-reliant employees by sex across the household income distribution. There was some variation in the proportions of each sex across the distribution, with a lower proportion of award-reliant employees who were women in the bottom half of the distribution (52 per cent) than in the top half (62 per cent).

In line with the figure for all award-reliant employees, the majority of both women and men award-reliant employees were in the bottom half of the distribution (64 and 73 per cent, respectively).

There was an even higher proportion of women among low-paid award reliant employees (58 per cent—Table 2) relative to all award-reliant employees, with little variation in the proportion across the quartiles.

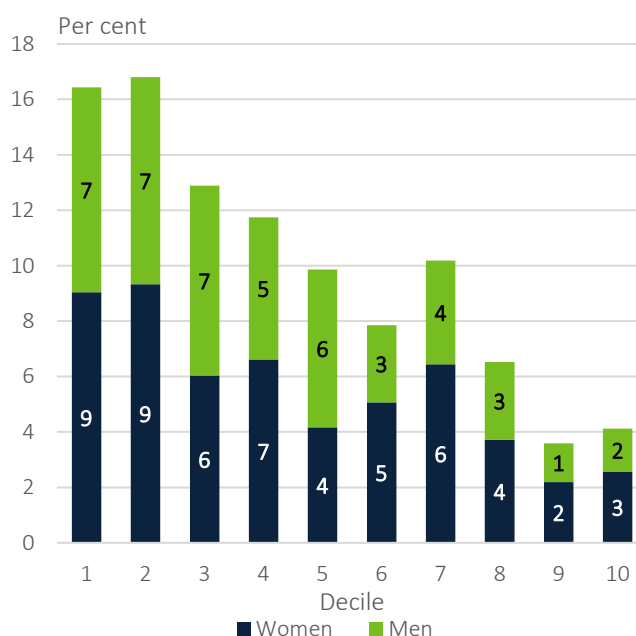
**Table 2: Proportions of sex among employee cohorts**

Sex	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
Women	50.0	55.2	49.9	58.2
Men	50.0	44.8	50.1	41.8

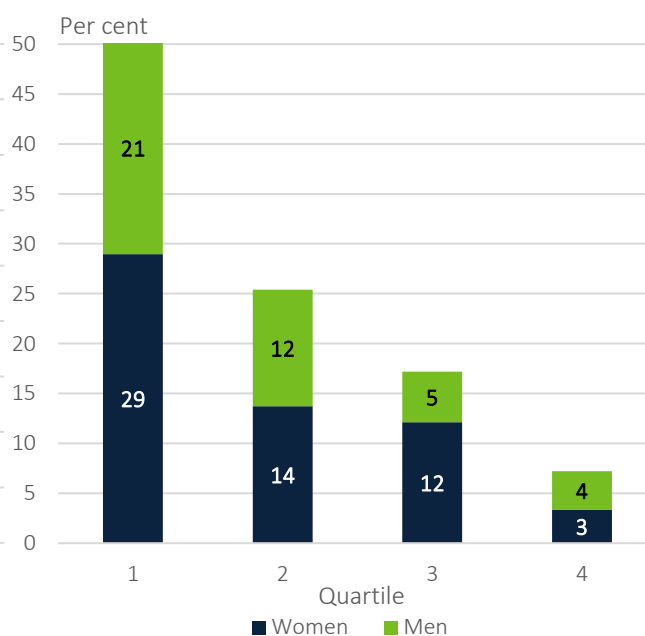
Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

**Chart 5: Distribution by household income and sex**

*Award-reliant employees*



*Low-paid award-reliant employees*



Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

### 4.1.2 Age

Analysis of age across the household income distribution uses three groups: 15–25 years, 26–44 years, and 45 years and over. These categories are similar to the ones used in Jimenez and Rozenbes (2017).<sup>16</sup>

Close to half of all award-reliant employees were in the youngest age group (47 per cent), 28 per cent were aged 26–44 years and around one-quarter were 45 years and over. This was markedly different to the broader employee population, in which the youngest age group was smaller than the other two groups (21 per cent, 45 per cent, and 35 per cent, respectively—Table 3).

There was no consistent pattern in how the proportion of each age group among award-reliant employees changed across the deciles (Chart 6). Employees in the youngest age group were relatively less concentrated in the lower deciles but still accounted for a little more than four in ten award-reliant employees in the bottom half of the distribution (compared with just under six in ten of those in the top half).

Similarly to the broader award-reliant population, the proportion of low-paid award-reliant employees in the youngest age group (21–25 years) was more than double the proportion of the overall adult employee population (30 per cent compared to 12 per cent—Table 3), while those aged 45 years and over were the largest group (35 per cent).

Employees in the youngest group were again relatively less concentrated in the bottom half of the distribution (accounting for 27 per cent of low-paid award-reliant employees), while those in the middle age group (38 per cent) were relatively more concentrated there (Chart 6).

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<sup>16</sup> The lowest age group was expanded to 25 years in this analysis to increase the age range in the lowest category for low-paid award-reliant employees, which starts at 21 years.

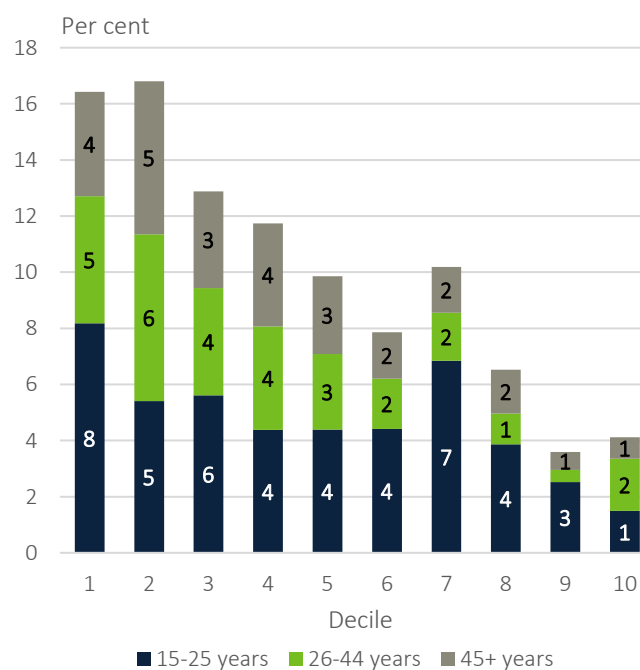
**Table 3: Proportions of age groups among employee cohorts**

Age	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
15–25 years	20.6	47.1	-	-
21–25 years	-	-	12.1	30.4
26–44 years	44.5	27.6	49.3	34.3
45+ years	34.9	25.3	38.6	35.3

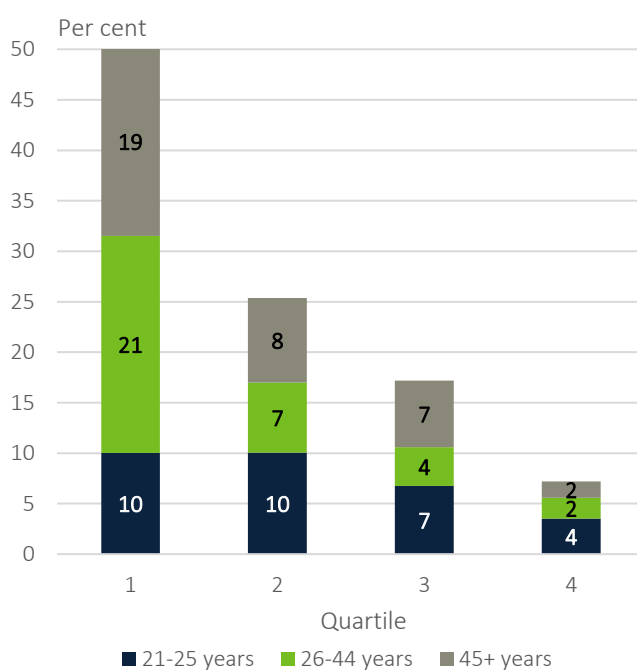
Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

**Chart 6: Distribution by household income and age**

*Award-reliant employees*



*Low-paid award-reliant employees*



Note: All data labels indicating a value rounded to zero have been omitted.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

### 4.1.3 Location

This section examines award-reliant and low-paid award-reliant employees across the household income distribution by their residential location. Residential locations are divided into either 'regional'

or 'major cities', based on 'remoteness Areas' from ABS (2001).<sup>17</sup> Regional areas are defined as inner regional, outer regional, remote and very remote Australia<sup>18</sup>

While a minority of award-reliant employees lived in regional areas (37 per cent), this was higher than the proportion of all employees living in regional areas (30 per cent—Table 4).

Chart 7 shows that the proportion of award-reliant employees living in regional areas was higher again in the bottom half of the household income distribution (40 per cent), with almost three-quarters of award-reliant employees located in regional areas in the bottom half of the distribution.

The proportion of low-paid award-reliant employees who were living in regional areas (42 per cent) was also greater than the full population of adult employees (30 per cent—Table 4). Similarly, living in regional areas was more common at the lower end of the household income distribution for these employees (45 per cent in the bottom half compared to 31 per cent in the top half—Chart 7).

**Table 4: Proportions of location among employee cohorts**

Location	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
Regional	30.2	36.8	30.0	41.9
Major cities	69.8	63.2	70.0	58.1

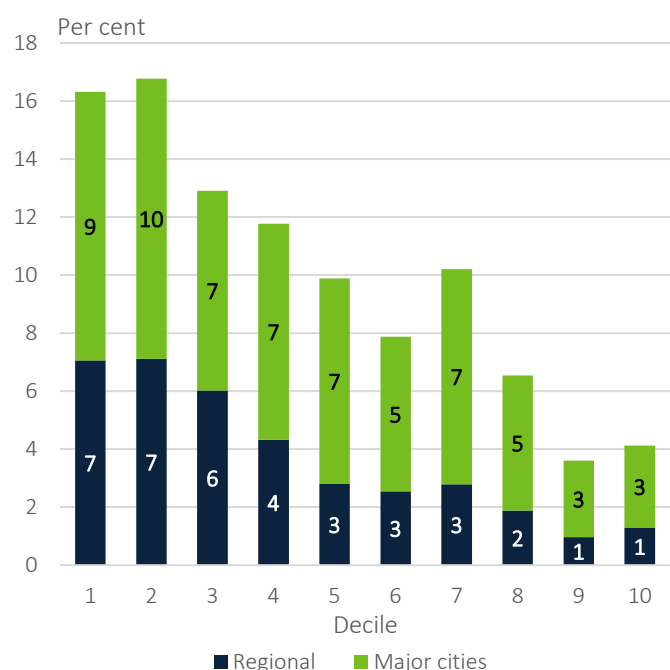
Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

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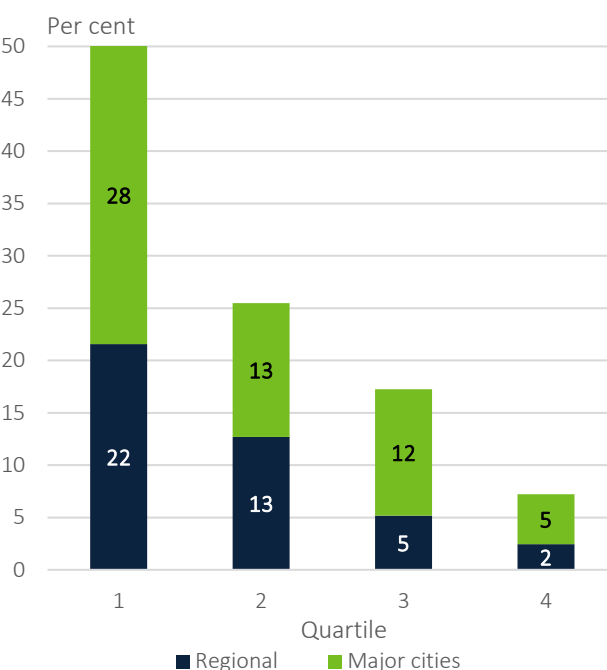
<sup>17</sup> See ABS, *Australian Standard Geographical Classification (ASGC) 2001*.

**Chart 7: Distribution by household income and location**

*Award-reliant employees*



*Low-paid award-reliant employees*



Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

## 4.2 Work characteristics

This section examines the work characteristics of award-reliant employees and low-paid award-reliant employees across the household income distribution. The characteristics examined are number of hours worked, preferred hours of work, industry, and occupation.

### 4.2.1 Hours of work

This section analyses the number of hours worked per week across the household income distribution. Hours worked has been categorised into three groups: less than 20 hours, 20 to less than 35 hours, and 35 hours or more.

The majority (70 per cent) of all employees worked 35 hours or more, with 19 per cent working 20 to fewer than 35 hours and 11 per cent working less than 20 hours. Among award-reliant employees, working 35 hours or more was also the most common category, however, the proportion was

considerably smaller (42 per cent), with 28 per cent working 20 to fewer than 35 hours and 30 per cent working less than 20 hours (Table 5).

There was little trend in the proportions across the distribution (Chart 8), although employees working 35 hours or more were less likely than those in the other categories to be in the bottom 2 deciles, with employees in the two part-time categories both slightly higher in proportion. This differs somewhat from Jimenez and Rozenbes' (2017) results from 2015 – while they also found that part time workers were overrepresented in the bottom 2 deciles, this was mostly due to those employees working less than 20 hours.

When restricting the employee population to adults, the proportion working less than 20 hours decreased to about 7 per cent, with almost three-quarters working 35 hours or more. Among low-paid award-reliant employees, the proportion working less than 20 hours (19 per cent) was almost triple that of the broader adult employee population (Table 5). This was similar to the proportional increase when restricting the total employee population to award-reliant employees.

There was a clearer trend across the distribution for low-paid award-reliant employees, with those working less than 20 hours concentrated in the bottom half (22 per cent of the bottom half, compared to 10 per cent in the top half). Low-paid award-reliant employees who worked 35 hours or more were clustered in the middle of the distribution (Chart 8).

**Table 5: Proportions of hours worked among employee cohorts**

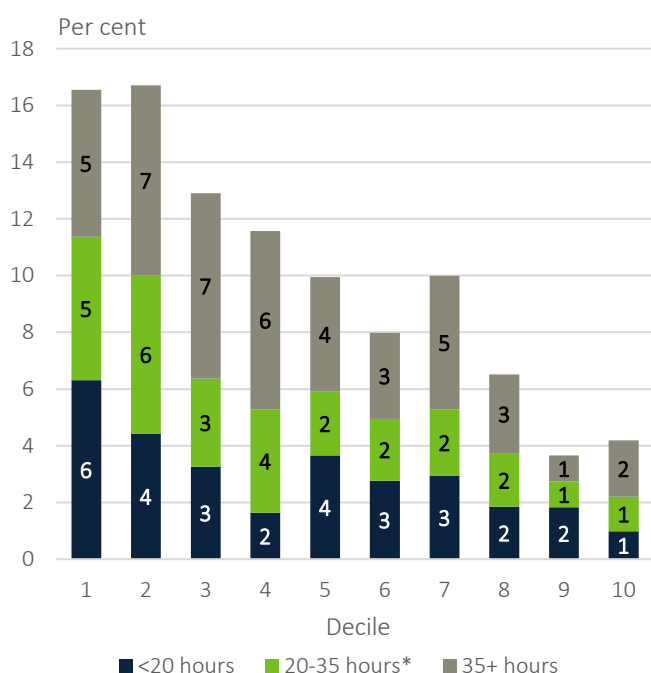
Hours of work	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
<20 hours	11.0	29.7	6.8	19.2
20-35 hours	19.4	28.2	19.0	35.9
35+ hours	69.6	42.2	74.3	44.9

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

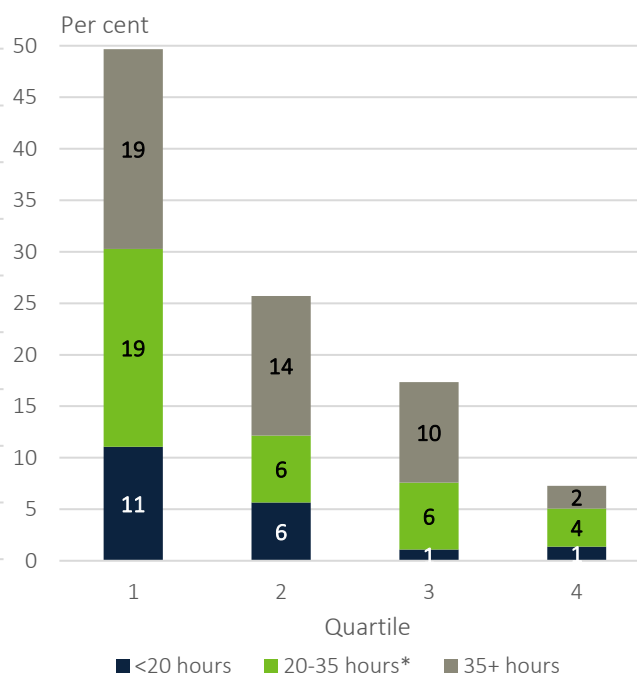


**Chart 8: Distribution by household income and hours worked**

*Award-reliant employees*



*Low-paid award-reliant employees*



Note: \*The middle range of hours is 20 to less than 35 hours.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

## 4.2.2 Preferred hours of work

The HILDA survey asks employees about their satisfaction with their current hours of work and if they would prefer to work fewer, more, or about the same number of hours.<sup>19</sup>

Overall, 14 per cent of employees preferred to work more hours (Table 6). This proportion was about double among award-reliant employees (29 per cent).

Employees who preferred to work more hours were not particularly concentrated in any region of the household income distribution (Chart 9). A little over one third (36 per cent) of award-reliant employees who wanted to work more hours were located in the bottom 2 deciles; only slightly higher than the respective proportion of all award-reliant employees (33 per cent). This was another shift

<sup>19</sup> This was asked to all employees, not just part time employees.

from Jimenez and Rozenbes' (2017) 2015 results, which found that employees preferring to work more hours were concentrated in the bottom half of the distribution.

About one in ten award-reliant employees preferred to work fewer hours compared with 23 per cent of all employees (Table 6). Employees in this category were more evenly spread across the distribution than those who preferred more or about the same number of hours (Chart 9). Among the overall adult employee population, 12 per cent had a preference to work more hours, and similarly to the above, this proportion was more than double among low-paid award-reliant employees (28 per cent—Table 6). There was no clear pattern to the proportions of employees in each of the categories across the distribution (Chart 9).

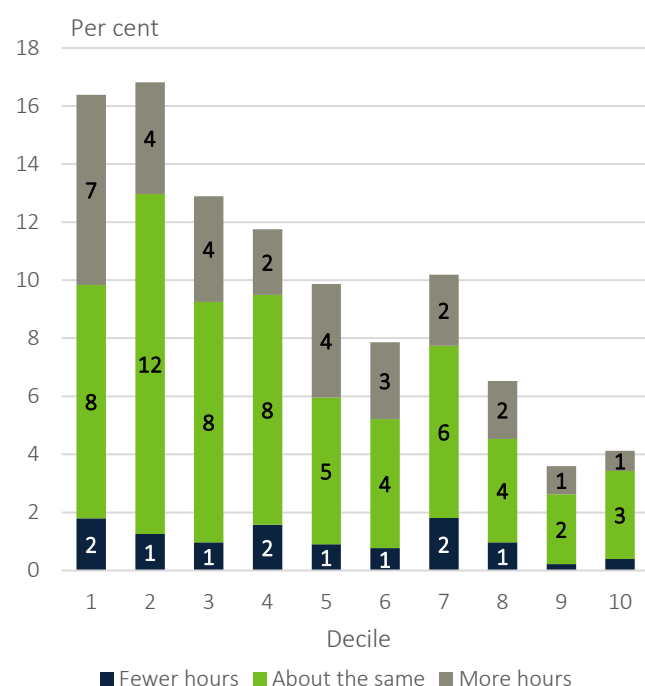
**Table 6: Proportions of preference for hours of work among employee cohorts**

Preferred hours of work	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
Fewer hours	22.6	10.7	24.6	14.2
About the same	63.1	60.4	63.5	57.3
More hours	14.3	28.9	12.0	28.5

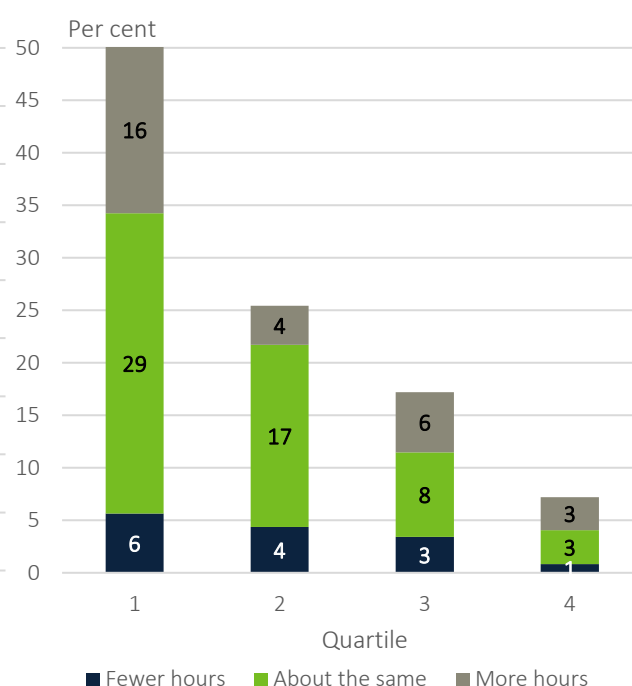
Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

**Chart 9: Distribution by household income and preference for hours of work**

*Award-reliant employees*



*Low-paid award-reliant employees*



Note: All data labels indicating a value rounded to zero have been omitted.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

### 4.2.3 Industry

Analysis of the main industries in which award-reliant employees work uses the Australian and New Zealand Standard Industrial Classification (ANZSIC)<sup>20</sup>, which contains 19 broadly defined industries. Four industries have been selected for individual presentation in Chart 10 because they account for the highest proportions of award-reliant employees among the overall award-reliant employee population (collectively accounting for 66 per cent of award-reliant employees compared with 42 per cent of all employees—Table 7). These industries are Accommodation and food services, Retail trade, Health care and social assistance, and Manufacturing. The remaining 15 industries are presented together as ‘All other industries’.

<sup>20</sup> See ABS (2006).

The selected industries were relatively consistent in their proportion of award-reliant employees across the household income distribution (Chart 10).

Among the overall adult employee population, 39 per cent of employees worked in either Accommodation and food services, Retail trade, Health care and social assistance, or Manufacturing. This proportion increases to 64 per cent for low-paid award-reliant employees (Table 7). Again, there was no strong trend in how these proportions changed across the household income distribution (Chart 10).

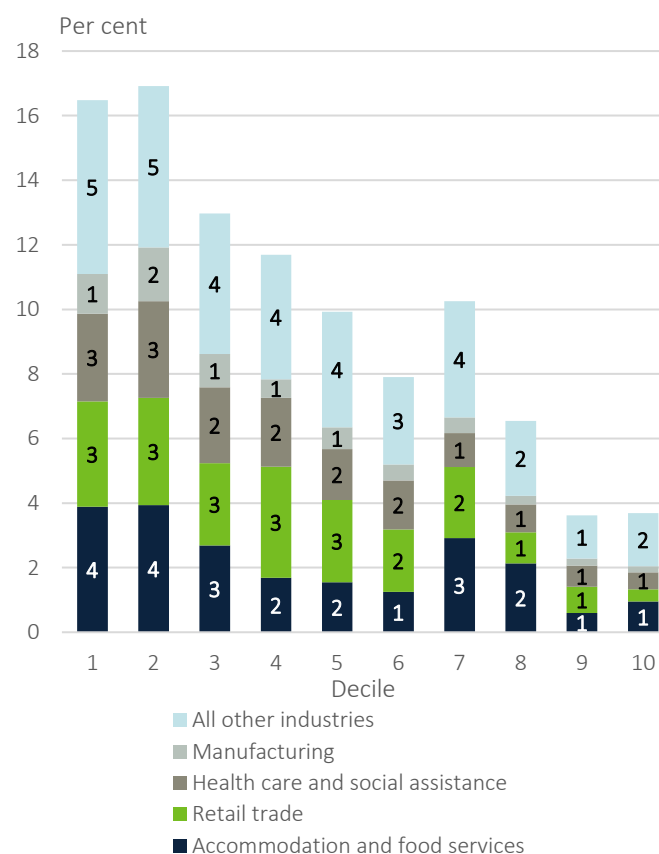
**Table 7: Proportions of industry among employee cohorts**

Industry	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
Accommodation and food services	6.5	21.6	3.9	20.1
Retail trade	9.7	21.4	7.8	20.6
Health care and social assistance	18.0	16.4	19.2	14.5
Manufacturing	7.5	6.8	7.8	8.9
All other industries	58.4	33.8	61.3	35.9

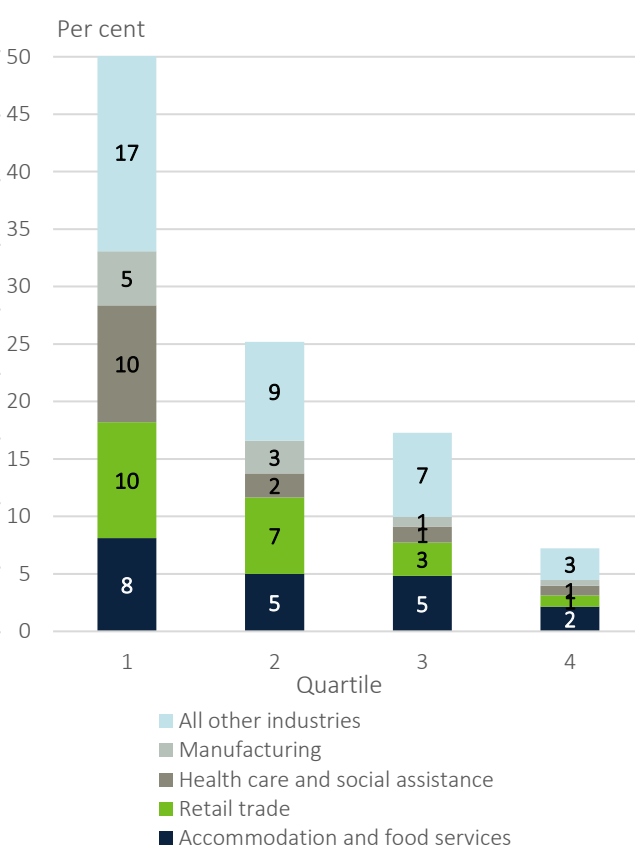
Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

**Chart 10: Distribution by household income and industry**

*Award-reliant employees*



*Low-paid award-reliant employees*



Note: All other industries comprise Administrative and support services; Agriculture, forestry and fishing; Arts and recreation services; Construction; Education and training; Electricity, gas, water and waste services; Financial and insurance services; Information media and telecommunications; Mining; Other services; Professional, scientific and technical services; Public administration and safety; Rental, hiring and real estate services; Transport, postal and warehousing and Wholesale trade. All data labels indicating a value rounded to zero have been omitted.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

## 4.2.4 Occupation

This section analyses the main occupations in which award-reliant employees work using the 2006 Australian and New Zealand Standard Classification of Occupations (ANZSCO)<sup>21</sup>, which contains 8

<sup>21</sup> See ABS, ANZSCO – Australian and New Zealand Standard Classification of Occupations, First Edition 2006.

occupations. The occupations presented individually are Community and personal service workers, Sales workers, and Labourers, with the remainder under 'All other occupations'. These 3 occupations were selected as they account for the highest proportions of award-reliant employees among the overall award-reliant employee population—collectively accounting for 63 per cent of all award-reliant employees (compared with only 29 per cent of the total employee population) (Table 8).

Similar to the selected industries above, when examining how the proportions of award-reliant employees working in these occupations changed across the household income distribution, no clear pattern was identified (Chart 11). However, Labourers were more concentrated in the lower half of the distribution (accounting for one in five award-reliant employees in the bottom 5 deciles compared with one in ten in the top 5 deciles).

Among the overall adult employee population, 24 per cent worked as either a Community and personal service worker, Sales worker, or Labourer, and this proportion more than doubled to about two-thirds for low-paid award-reliant employees (Table 8). Similar to the broader award-reliant population, there was no clear trend in how these proportions changed across the household income distribution, with the exception of Labourers, who comprised about one-quarter of the bottom half of the distribution but just over one in ten for the top half (Chart 11).

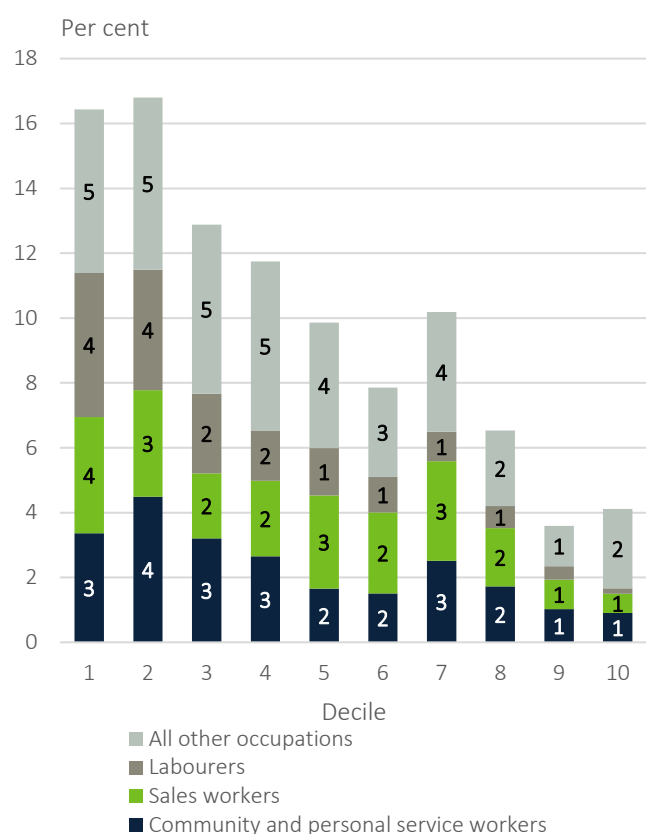
**Table 8: Proportions of occupation among employee cohorts**

Occupation	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
Community and personal service workers	12.4	23.0	11.5	24.7
Sales workers	8.6	23.0	5.7	18.8
Labourers	7.6	16.9	6.5	22.6
All other occupations	71.4	37.1	76.2	33.9

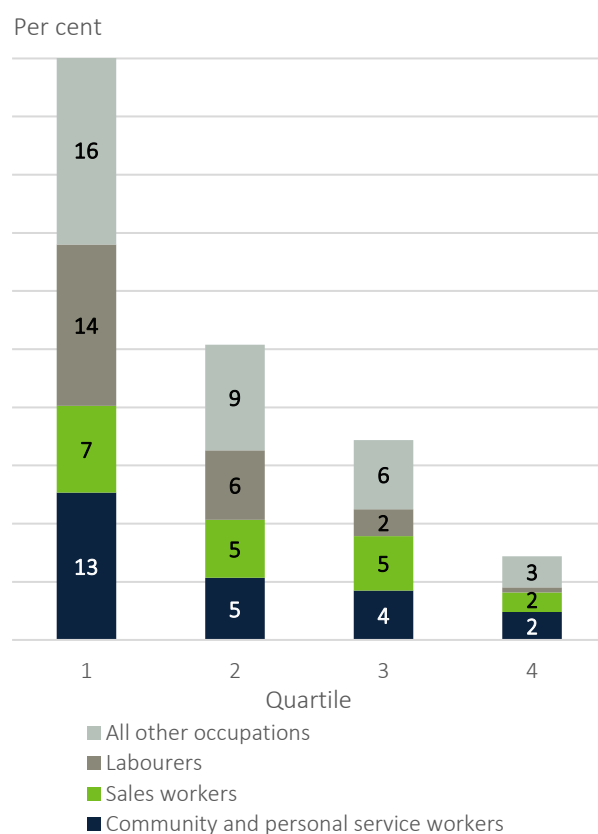
Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

**Chart 11: Distribution by household income and occupation**

*Award-reliant employees*



*Low-paid award-reliant employees*



Note: All other occupations comprise Managers, Professionals, Technicians and trades workers, Clerical and administrative workers, and Machinery operators and drivers. All data labels indicating a value rounded to zero have been omitted.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

## 4.3 Household characteristics

This section examines the household characteristics of award-reliant employees and low-paid award-reliant employees across the household income distribution. The characteristics examined are household earner status, dependent children, and student status.

### 4.3.1 Household earner status

This section analyses household income by the employee's earner status, categorised as primary earner, secondary earner, lone person, and other.<sup>22</sup> Award-reliant primary earners may be of particular concern to the Expert Panel, as their household income is more dependent on the award wage of the employee.

Among the overall employee population, a majority of employees were either primary or secondary earners (32 per cent and 26 per cent, respectively—Table 9). However, relatively few award-reliant employees belonged to either category, with fewer primary earners (13 per cent) than secondary earners (18 per cent).

Chart 12 shows award-reliant and low-paid award-reliant employees across the household income distribution by household earner status.

The proportion of award-reliant employees who were primary earners decreased from the bottom to the top of the distribution, such that 16 per cent of award-reliant employees in the bottom 5 deciles were primary earners compared to 7 per cent in the top 5 deciles. A similar pattern can be seen for lone persons (13 per cent of the bottom 5 deciles compared to 3 per cent of the top 5 deciles). Secondary earners were less likely to be in the bottom 2 deciles (accounting for 12 per cent of employees in those deciles) but were roughly even in proportion across the rest of the distribution (accounting for 20 per cent of employees in the top 8 deciles).

Among the overall adult employee population, the proportions of primary earners and secondary earners were both slightly higher (35 per cent and 28 per cent, respectively—Table 9). While there was a much lower proportion of primary earners among low-paid award-reliant employees (14 per cent), secondary earners were similar in proportion (27 per cent). The majority of low-paid award-reliant primary earners were located in the bottom quartile (73 per cent), while only 39 per cent of secondary earners were in the bottom quartile (Chart 12).

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<sup>22</sup> 'Other' includes single parents, people who live in a couple household and are not part of the couple (such as children aged 15 years and over in a family household), group households, multi-family households, employees who recorded a negative individual income and households not classified in the HILDA survey.



**Table 9: Proportions of household earner status among employee cohorts**

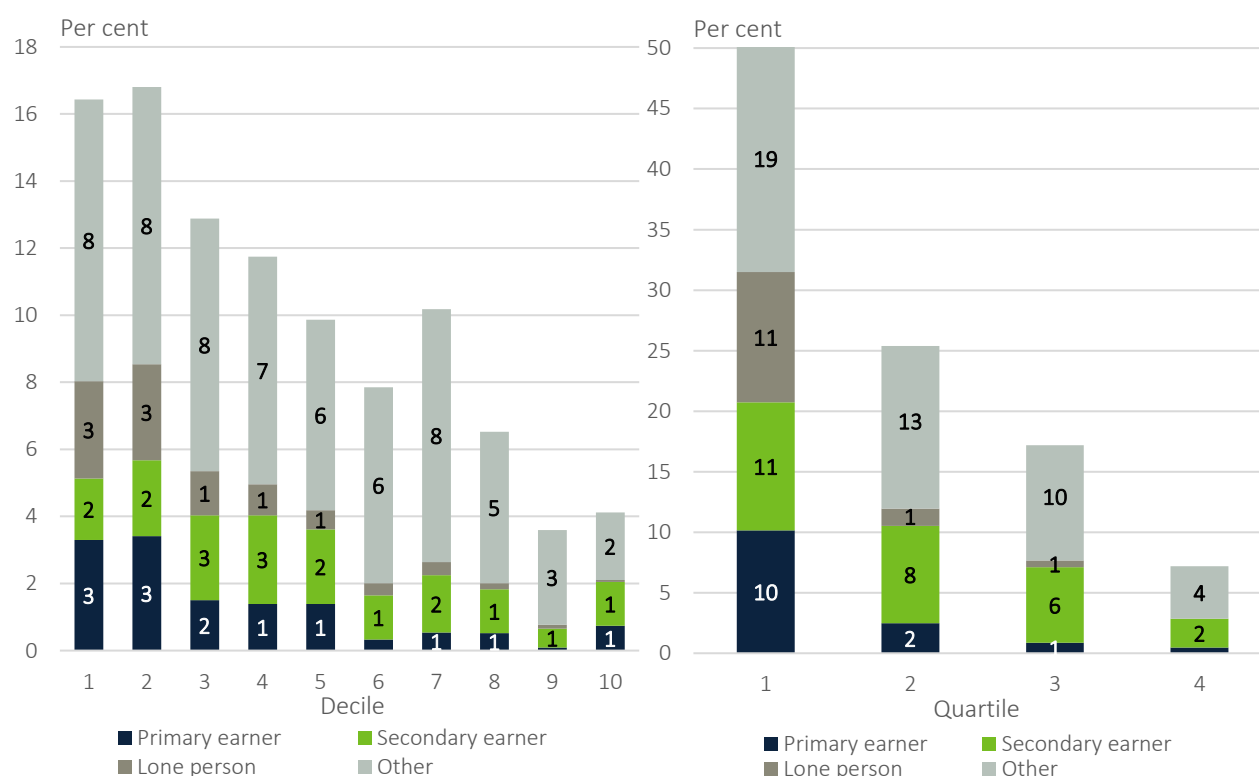
Household earner status	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
Primary earner	31.7	13.2	35.0	14.0
Secondary earner	25.6	17.7	28.3	27.2
Lone persons	11.3	9.7	12.3	12.8
Other	31.4	59.4	24.5	46.0

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

**Chart 12: Distribution by household income and earner status**

*Award-reliant employees*

*Low-paid award-reliant employees*



Note: 'Other' includes single parents, people who live in a couple household and are not part of the couple, group households, multi-family households and those not classified in the HILDA survey. All data labels indicating a value rounded to zero have been omitted.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

### 4.3.2 Dependent children

This section analyses employees living with dependent children<sup>23</sup> for the 2 cohorts across the household income distribution. Employees with dependent children may also be of particular concern to the Expert Panel given their wage contributes to supporting other household members who are unable to make a significant financial contribution to the household. The three categories examined are employees in couples with dependent children, single parents with dependent children, and employees without dependent children.

Award-reliant and low-paid award-reliant employees were less likely to be in a couple with dependent children than their respective overall employee populations but were equally likely to be a single parent with dependent children. Both those in a couple and single parents with dependent children were relatively more likely to be in the bottom half of the household income distribution (Chart 13). The proportion of award-reliant employees who were in a couple with dependent children (15 per cent) was much lower than the proportion in the broader employee population (32 per cent—Table 10). However, this proportion increases to 18 per cent among award-reliant employees in the bottom 5 deciles.

The proportion of award-reliant employees who were single parents with dependent children was 4 per cent, which was similar to the proportion in the broader employee population. This proportion increases slightly to 5 per cent among award-reliant employees in the bottom 5 deciles.

The proportion of low-paid award-reliant employees in a couple with dependent children was 18 per cent, which was likewise much lower than the proportion in the broader adult employee population (35 per cent—Table 10). Similarly to the award-reliant population, low-paid award-reliant employees in a couple with dependent children tended to be more concentrated in the lower quartiles (accounting for 22 per cent of those in the bottom quartile compared with 14 per cent in the other quartiles). Over half (61 per cent) of low-paid award-reliant employees in couples with dependent children were in the bottom quartile of the household income distribution.

The proportion of low-paid award-reliant employees who were single parents with dependent children (6 per cent), was higher than the proportion in the broader adult employee population (4 per cent). The

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<sup>23</sup> Defined as children under 15 years, or dependent students aged 15–24 years.

vast majority (95 per cent) of these employees were in the bottom quartile, accounting for 12 per cent of employees in that part of the distribution (Chart 13).

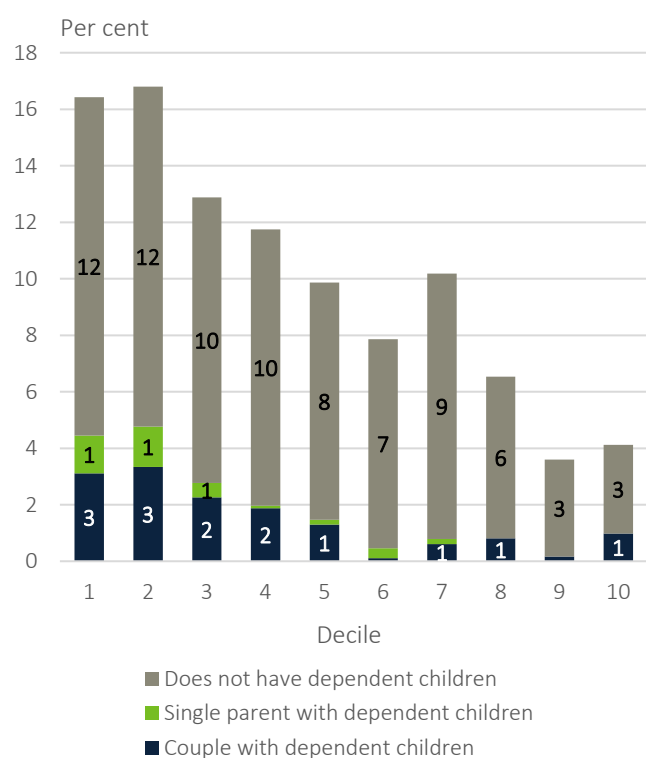
**Table 10: Proportions of dependent children among employee cohorts**

Dependent Children	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
Couple with dependent children	31.8	14.6	35.2	18.2
Single parent with dependent children	3.5	4.1	3.9	6.4
Does not have dependent children	64.7	81.4	60.9	75.5

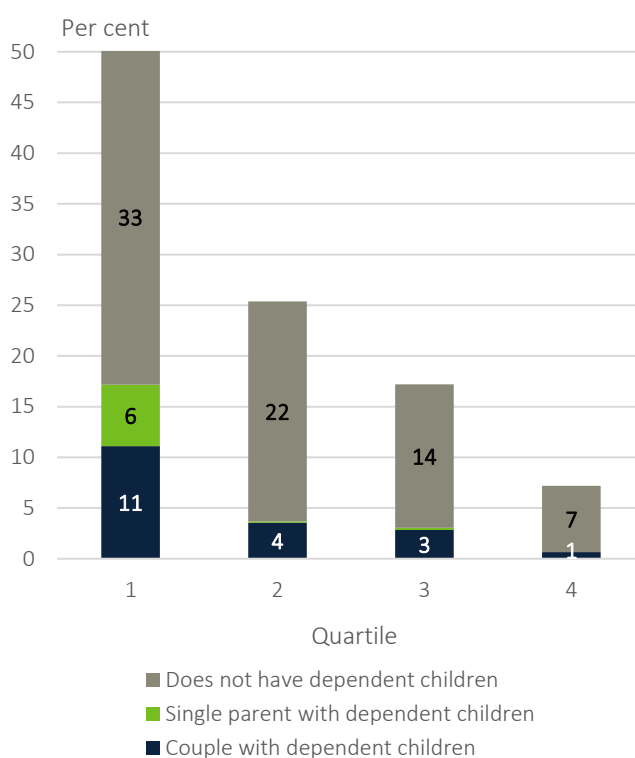
Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

**Chart 13: Distribution by household income and dependent children**

*Award-reliant employees*



*Low-paid award-reliant employees*



Note: All data labels indicating a value rounded to zero have been omitted.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

### 4.3.3 Student status

This section analyses the proportions of students across the household income distribution among the two cohorts. Students are categorised into dependent or non-dependent students.<sup>24</sup>

The proportion of award-reliant employees who were dependent students was more than 3 times the overall employee population (23 per cent compared with 7 per cent—Table 11), reflecting the higher proportion of young people among award-reliant employees (see section 4.1.2). While the proportion

<sup>24</sup> An employee is defined as a student if they are either still at school or currently studying a post-school qualification (either full-time or part-time). Students are categorised as a dependent if they are aged 15–24 years, studying full-time, not working full-time, and living in a household with their parent.

in the bottom 5 deciles is lower (17 per cent), it was still above their share of the overall employee population (Chart 14).

Non-dependent students made up a slightly higher proportion of award-reliant employees relative to their share of the overall employee population (12 per cent compared with 10 per cent). Perhaps surprisingly (given the category includes students living out of the family home), non-dependent students were not particularly concentrated in the bottom half of the distribution.

Among low-paid award-reliant employees, 4 per cent were dependent students, compared with only about 1 per cent of the adult employee population (Table 11). As with the broader award-reliant cohort, dependent students were less commonly located in the bottom half (accounting for around 2 per cent of the low-paid cohort in that part of the distribution). The proportions of non-dependent students were similar to those in the overall employee and award-reliant employee populations. There was no clear trend across the distribution (Chart 14).

**Table 11: Proportions of student status among employee cohorts**

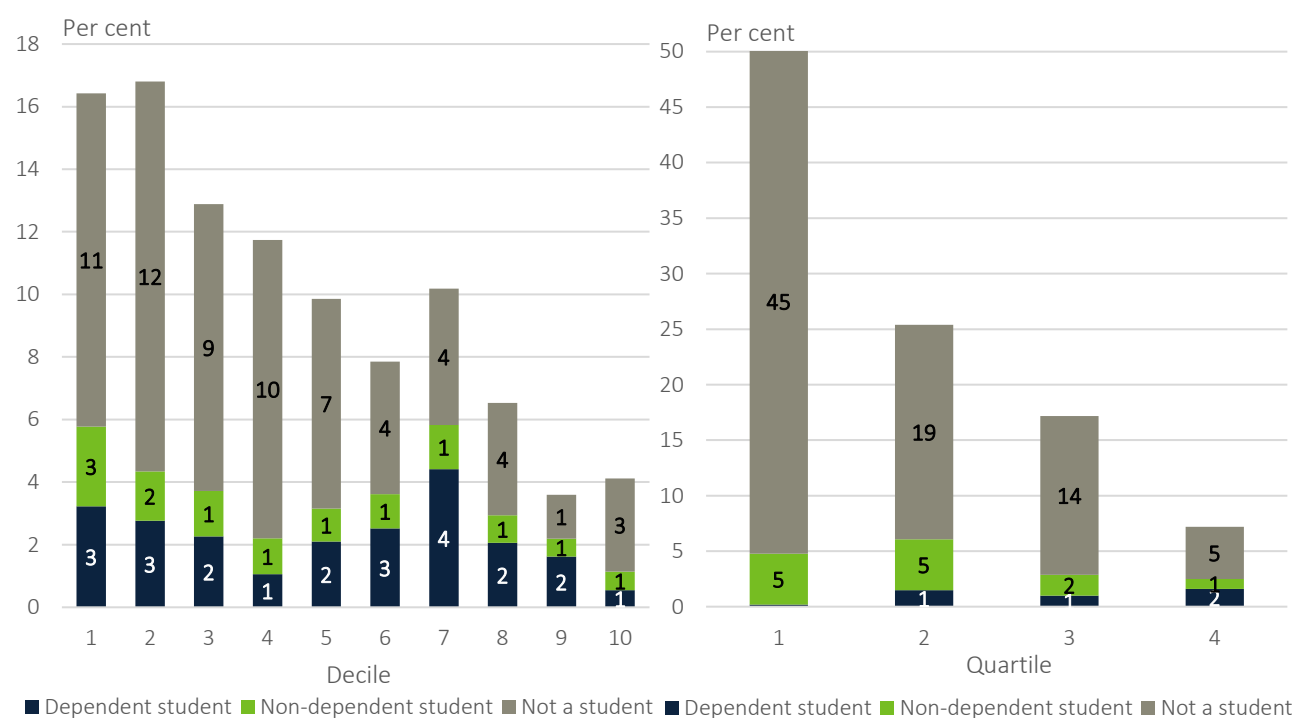
Student Status	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
Dependent student	6.5	22.6	1.1	4.3
Non-dependent student	10.6	12.4	10.1	11.9
Not a student	82.9	65.1	88.8	83.8

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

**Chart 14: Distribution by household income and dependent student status**

*Award-reliant employees*

*Low-paid award-reliant employees*



Note: All data labels indicating a value rounded to zero have been omitted.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

## 4.4 Financial stress

The HILDA survey asks respondents certain questions relating to the ability of the household to pay for regular or unexpected expenses. Some of these indicators are presented in the Statistical report for annual wage reviews (Fair Work Commission, 2024).<sup>25</sup> The two most commonly reported financial stress indicators in the Statistical report for the *Annual Wage Review 2023–24* are examined in this

<sup>25</sup> Data on household financial stress in the Statistical report are based on both members of a couple household, the single parent in a single parent household and the lone person of a lone person household all reporting financial stress for that household. The analysis in this paper is based on individual respondents.

section. The indicators are whether the survey respondent ‘asked for financial help from friends or family’ and ‘could not pay electricity, gas or telephone bills on time’ since January 2023.<sup>26</sup>

The results for both indicators show that these experiences of financial stress were more common for award-reliant employees than for the broader employee population, and slightly more common again for low-paid award-reliant employees. The experiences were not confined to lower-income households, as they were reported by some employees in the upper half of the distribution.

Among all award-reliant employees, 14 per cent had asked for financial help from friends or family, which was slightly higher than the proportion among the overall employee population (11 per cent—Table 12). Surprisingly, award-reliant employees who asked friends or families for financial help were not strongly concentrated towards the bottom of the distribution (Chart 15).

Similarly to above, among low-paid award-reliant employees, 15 per cent had asked for financial help from friends or family, slightly higher than the 11 per cent share among the overall adult employee population (Table 12). Those who had asked for help were, again, not particularly concentrated at the lower end of the household income distribution (Chart 15).

**Table 12: Proportions of financial stress among employee cohorts**

Financial stress	All employees	Award-reliant employees	Adult employees	Low-paid award-reliant employees
	(%)	(%)	(%)	(%)
Asked for financial help from friends or family	11.4	14.4	11.3	15.2
Did not ask for financial help from friends or family	88.6	85.6	88.7	84.8
Could not pay electricity, gas or telephone bills on time	10.4	12.0	10.9	13.6
Could pay bills on time	89.6	88.0	89.1	86.4

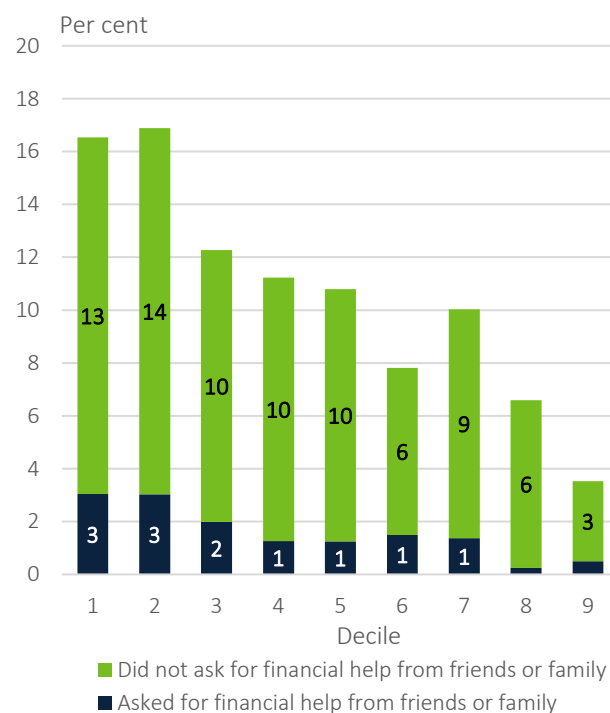
Note: Both financial stress indicators are assigned a positive value if the respondent had the respective experience at least once during the survey year.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

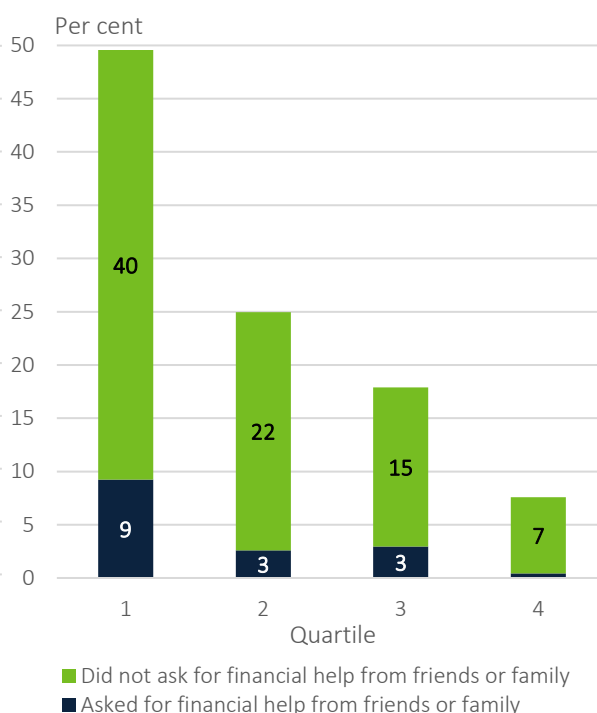
<sup>26</sup> The majority of respondents answered these questions in August or September 2023, with most of the remainder answering in October and November 2023.

**Chart 15: Distribution of award-reliant employees by household income and whether asked for financial help from friends or family**

*Award-reliant employees*



*Low-paid award-reliant employees*



Note: All data labels indicating a value rounded to zero have been omitted.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

The second most reported financial stress indicator is whether the employee had not been able to pay gas, electricity or phone bills on time.

Among award-reliant employees, 12 per cent could not pay gas, electricity or phone bills on time—also slightly higher than the proportion among the overall employee population (10 per cent—Table 12). Employees who indicated this were relatively more concentrated in the bottom deciles of the household income distribution compared with the previous financial stress indicator (15 per cent of award-reliant employees in the bottom half of the distribution), although it was still present in the middle deciles (Chart 16).

Among low-paid award-reliant employees, 14 per cent had not been able to pay gas, electricity or phone bills on time, which was again slightly higher than the proportion among the overall adult

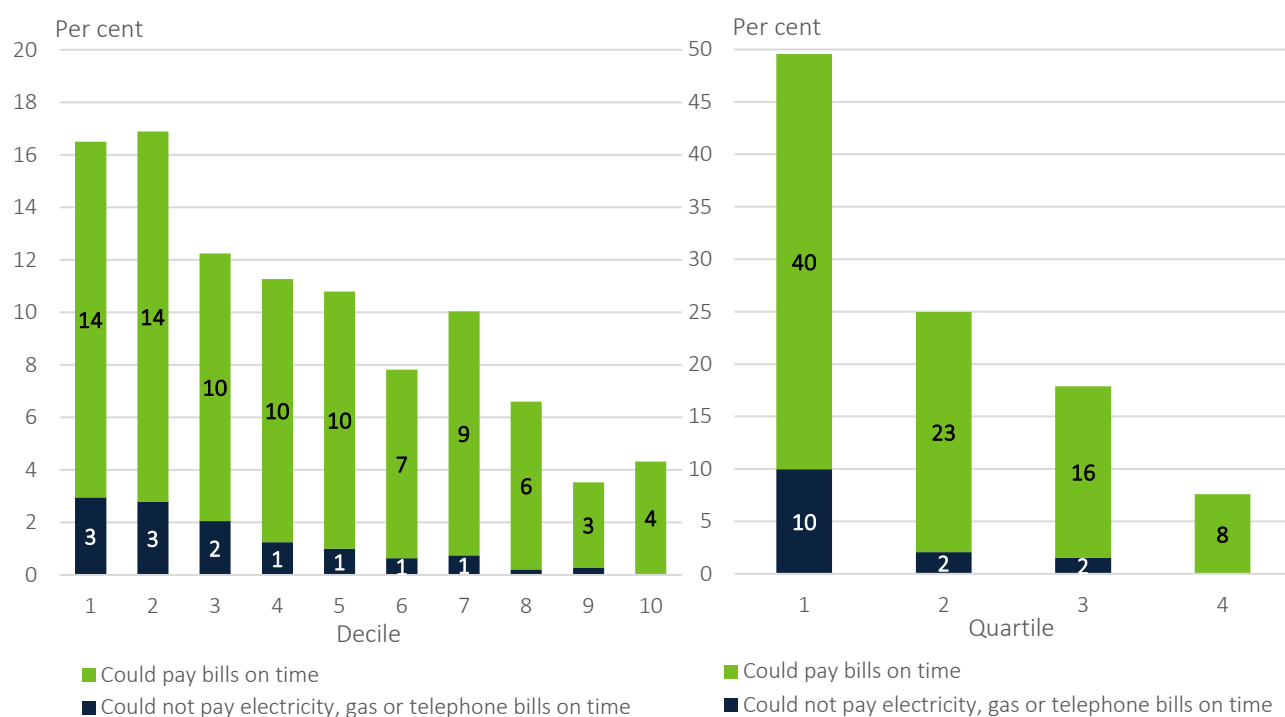


employee population (11 per cent—Table 12). Almost three-quarters of low-paid award-reliant employees who had not been able to pay gas, electricity or phone bills on time were in the bottom quartile.

**Chart 16: Distribution household income and whether could pay gas, electricity or phone bills on time**

*Award-reliant employees*

*Low-paid award-reliant employees*



Note: All data labels indicating a value rounded to zero have been omitted.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

## 5. Conclusion


This paper examined the distribution of household disposable incomes of award-reliant and low-paid award-reliant employees and their composition based on individual, work, household and financial stress characteristics, updating previous Commission research from 2017.

Both cohorts were found to be concentrated in the bottom half of the employee household income distribution and were even more highly concentrated in the bottom quartile. The proportions were similar after excluding employees who were not continuously employed over the previous financial year (the period for which household incomes were measured), suggesting that the results are not greatly affected by the observed higher rates of recent joblessness among award-reliant employees. We also examined the proportions of award-reliant employees in the bottom half and bottom quintile of the distribution over time, finding that both proportions have been fairly stable since 2016. Both proportions in 2023 were the lowest since 2009.

Analysis of individual characteristics found that both cohorts were made up of relatively more women than the broader employee population, particularly for low-paid award-reliant employees, but that women were relatively less concentrated in the bottom half of the income distribution. Award-reliant employees aged 25 years and younger were also relatively less concentrated in the bottom half of the distribution, while those based in regional areas were more likely to be in the bottom half.

While employees in both cohorts were much less likely than all employees to work 35 hours or more per week, there was little trend evident across the income distribution. Among low-paid award-reliant employees, those working less than 20 hours were concentrated in the bottom half of the distribution. Award-reliant employees were more likely than other employees to want to work more hours, however these individuals were not particularly concentrated in any part of the household income distribution. The results for hours worked and preferred hours of work represent a shift from the results from the previous Commission research, which used 2015 data. Compared with 2015, both employees working the fewest hours per week (under 20 hours), and employees preferring to work more hours, were less concentrated at the bottom of the income distribution.

There were few clear patterns across the income distribution for the most common industries and occupations.



Award-reliant employees were less likely to be the primary income earner in their household relative to the broader employee population, but those who were primary earners were more likely to be in the lowest household income deciles. Both cohorts were less likely than other employees to be in a couple with dependent children but were equally likely to be single parents with dependent children. Both categories of parents were relatively concentrated in the bottom half of the distribution for both cohorts, while the vast majority of low-paid award-reliant single parents were in the bottom quartile. Dependent students, who account for close to one-quarter of award-reliant employees, were relatively less concentrated in the lower household income deciles.

While award-reliant employees were more likely than other employees to have asked for financial help from friends and family, and to have not been able to pay household bills on time, this was not confined to those in the lowest deciles. Both experiences were slightly more common among low-paid award-reliant employees. These results may suggest that household income is not a perfect predictor of financial difficulty, and that research into household expenses may also shed light on the living standards of households.

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# Appendix A

Table A1: Maximum equivalised disposable household incomes by decile

Decile	All employees	Adult employees
	(\$)	(\$)
1	41 571	42 503
2	51 496	52 382
3	59 505	60 020
4	67 068	67 794
5	74 587	75 032
6	83 209	83 824
7	93 319	94 633
8	106 639	107 956
9	130 601	132 275
10	-	-

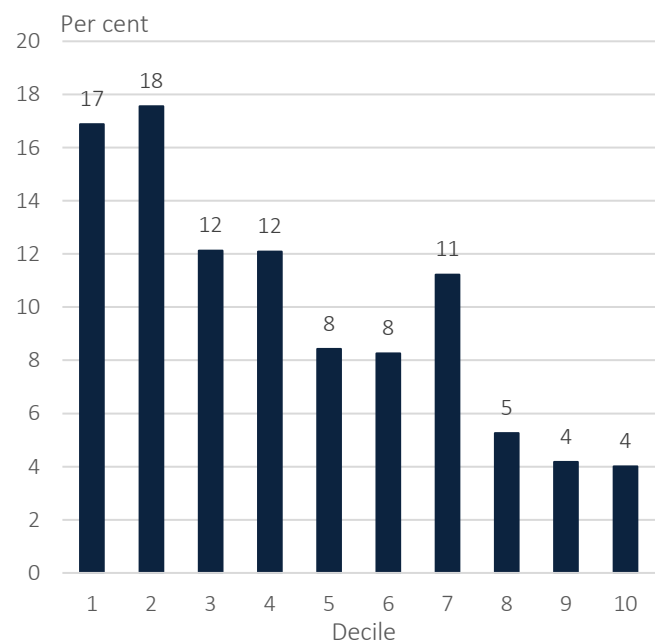
Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.

# Appendix B

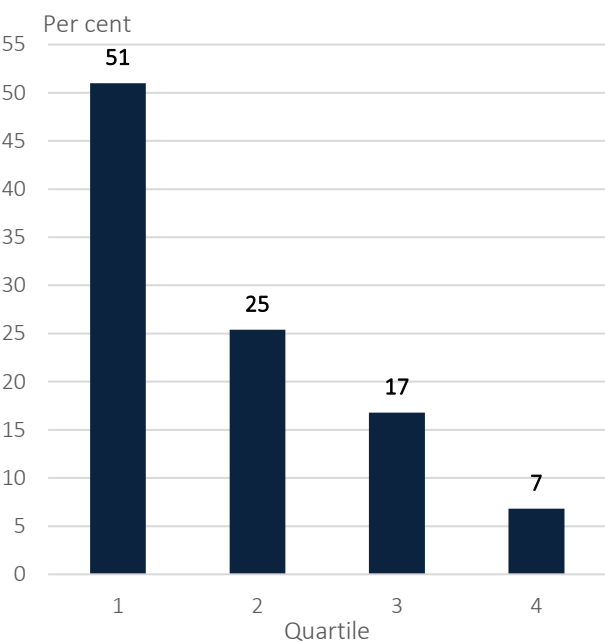
Chart B1 shows an alternative version of Chart 1, with employees who were not continuously employed throughout the financial year removed from the analysis.

**Chart B1: Distribution of award-reliant employees and employees who are both award-reliant and low-paid across household income deciles for employees who were continuously employed throughout the entire financial year**

*Award-reliant employees*



*Low-paid award-reliant employees*



Note: Low-paid award-reliant employees are only those 21 years of age and over. This differs to the analysis on all award-reliant employees which includes employees of all ages.

Source: Household, Income and Labour Dynamics in Australia Survey, Wave 23.