Setting Minimum Wages should be about providing a reasonable share of production wealth to all who contribute to it.

Some people are unable to contribute or cannot contribute much; like the very young, the very old, people unable to find work in lean times and very sick people. Others are not part of the paid workforce, but contribute to production greatly by supporting those who either do or who eventually will produce; like mothers with large young families who stay home to care and provide for their needs, and volunteers. The spoils of production must be shared among all these people who do not contribute or who only contribute little to production.

The challenge is to ensure a system of a fair distribution. There is increasing evidence of a widening of the gap in Australia between the “haves” and “have-nots”. I’m not about to suggest hard workers should not be rewarded for their hard work by receiving a greater share.

I think an outcome we ought to strive for in our Minimum Wage system is a fair distribution of production wealth (after tax) among the following groups:

- those in the paid workforce, and those in unpaid work contributing to production, and
- those who are unable to contribute to production, and
- those “haves” who seem able currently to garner a far greater share of production wealth, than they deserve through their individual (current or past) efforts.

Australia’s “progressive” tax system, combined with our welfare system does this to an extent - however it seems that the very wealthy among us have ways of minimising their tax contribution (or can quickly develop them), despite huge volumes of ever rapidly increasing tax law. Of course taxes are used in many ways that greatly assist production; providing and maintaining transport infrastructure, education, research and health care etc. Many seem able to profit from public infrastructure without contributing much themselves (the late Kerry Packer’s boasts come to mind as only one example).

In the past Minimum Wage systems have been based largely on reasonable costs-of-living, using CPI increases as a big factor in making determinations. The increasing imbalance between the “haves” and “have-nots” suggests the considerations need to be broader.

Minimum Wage determinations should consider measures of the distribution of wealth. One measure for example might be the ratio of payments (including in-kind shares etc.) to Directors and CEOs of Australia’s top 500 publicly listed companies, compared to the income of an equal number of people on the current minimum wage. This ratio ought not to be increasing greatly over time in an egalitarian society. I’d bet it currently is increasing.

If we can introduce some good measures, and establish a link to influence the balance of proportions of production going to each of the three groups listed above, Australia would be a better and happier country than it is already.