



Income thresholds used in distributional analysis

Population coverage: The 2014-15 Budget distributional analysis is restricted to working age persons (15-64) and their dependents. Families containing persons over age pension age were excluded.

Unit of Analysis: Analysis was performed by income units as this is the closest to the Department of Social Services definition of a family. Income sharing is assumed to take place within married (registered or de facto) couples, and between parents and dependent children (Australian Bureau of Statistics).

Estimation of thresholds: The working age population was divided into three equally sized groups using an adjusted disposable income, before any policy change. Disposable incomes were adjusted based on family characteristics as larger families require more disposable income to achieve a given standard of living.¹

Disposable income, which takes into account transfer payments received, taxes paid and private income, provides a better measure of living standards than private income.

Population income thresholds, 2016-17

Lower income	Medium income	Higher income
Less than \$36,000	\$36,000 - \$57,000	Over \$57,000

Examples of lower, medium, and higher disposable income for families, before adjustment for family composition.

Family type	Lower income	Medium income	Higher income
Working age single	Less than \$36,000	\$36,000 - \$57,000	Over \$57,000
Working age sole parent with one young child	Less than \$46,000	\$46,000 - \$75,000	Over \$75,000
Working age sole parent with two young children	Less than \$57,000	\$57,000 - \$92,000	Over \$92,000
Working age couple without children	Less than \$54,000	\$54,000 - \$86,000	Over \$86,000
Working age couple with one young child	Less than \$64,000	\$64,000 - \$103,000	Over \$103,000
Working age couple with two young children	Less than \$75,000	\$75,000 - \$120,000	Over \$120,000

¹ Disposable incomes were adjusted by applying the OECD-modified equivalence scale, which assigns a value of 1 to the household head, of 0.5 to each additional adult member and of 0.3 to each child.

