



Australian Government

Productivity Commission

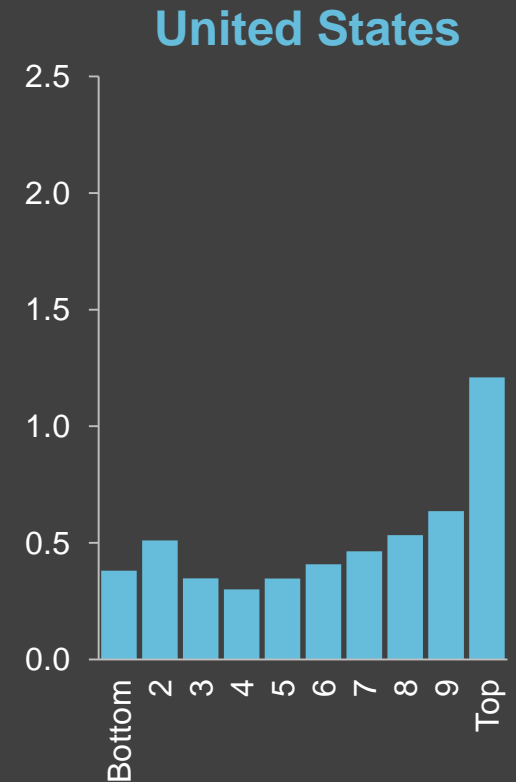
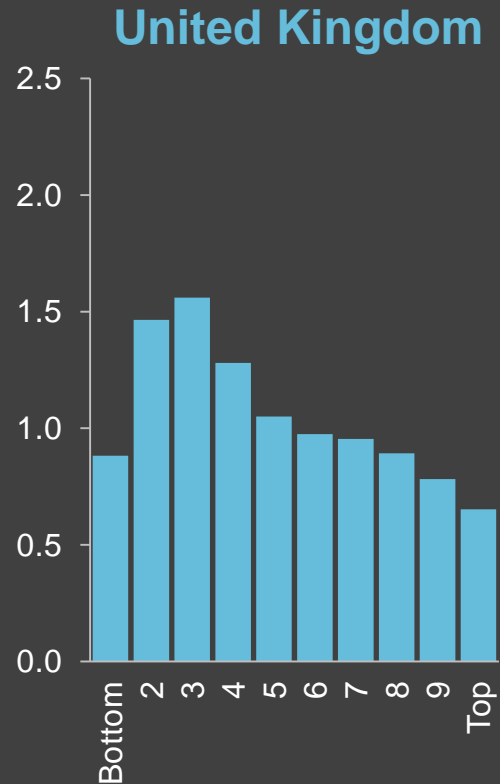
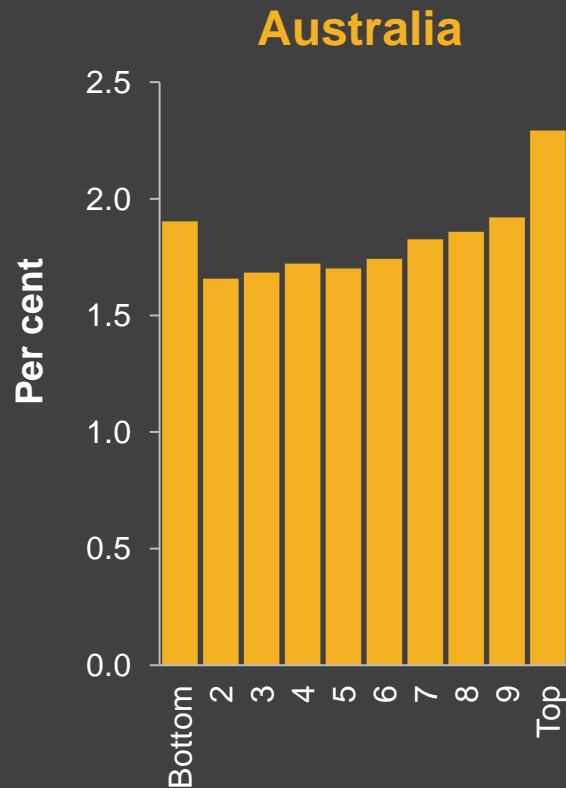
ABE Conference

Rising inequality? A stocktake of the evidence
Sydney, 13 February 2019



Jonathan Coppel
Commissioner

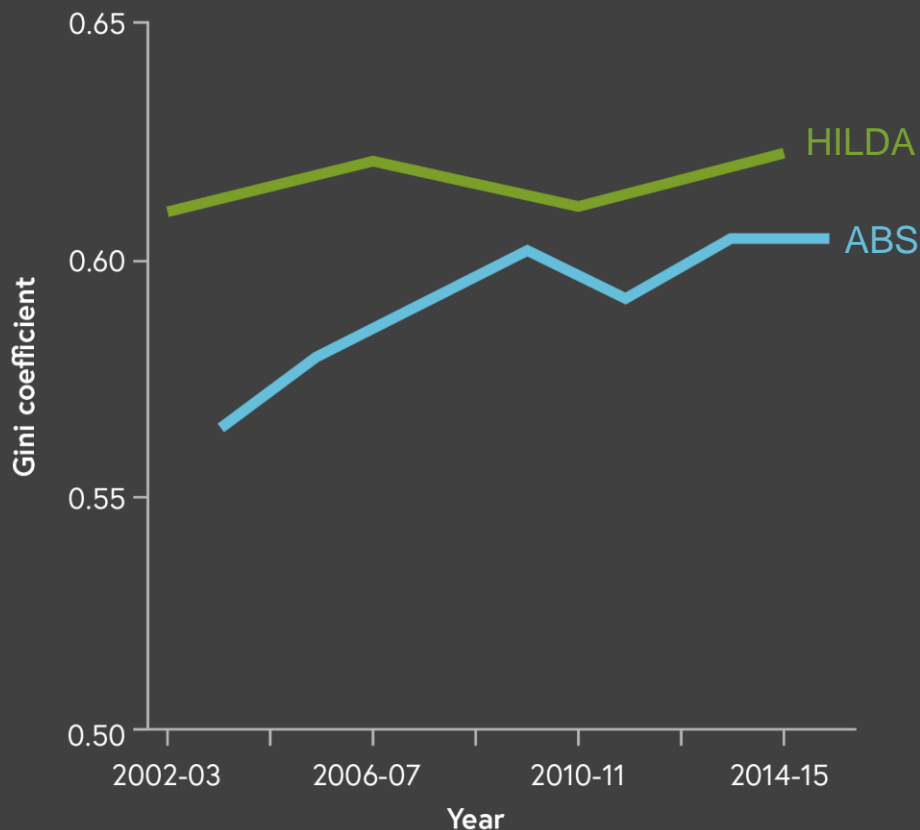
Australia's 27-year income growth: strong and broadly shared



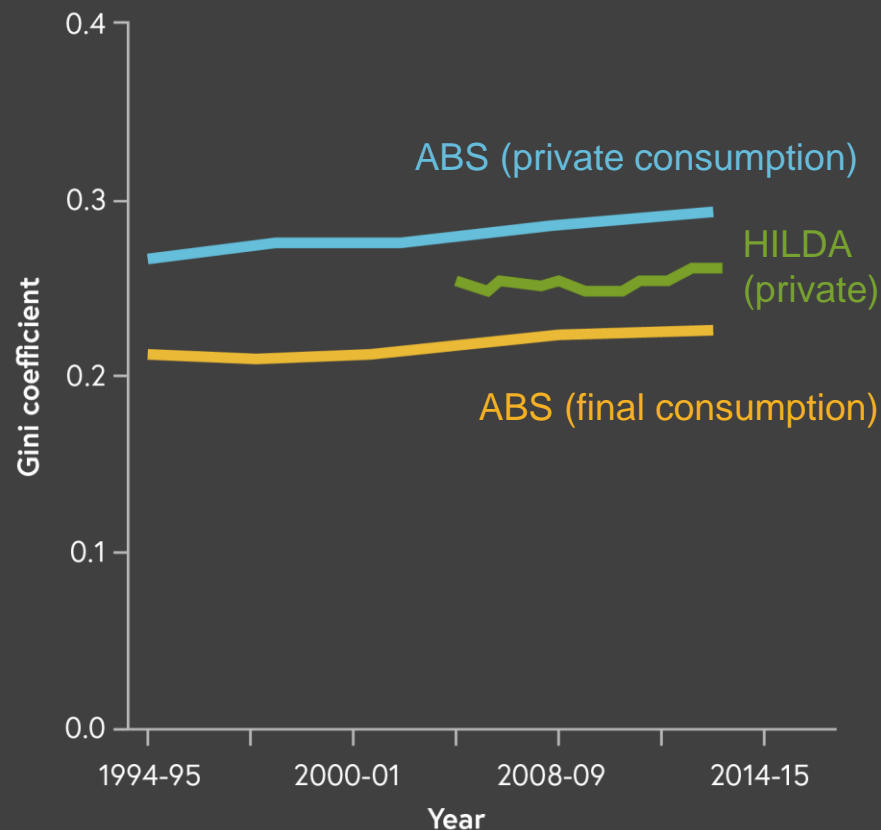
Average annual growth rate in *real* equivalised disposable income by income decile, late 1980s to mid-2010s. Equivalised disposable income expressed in real US dollars using purchasing power parity exchange rates.



▶ Wealth and consumption inequality have increased



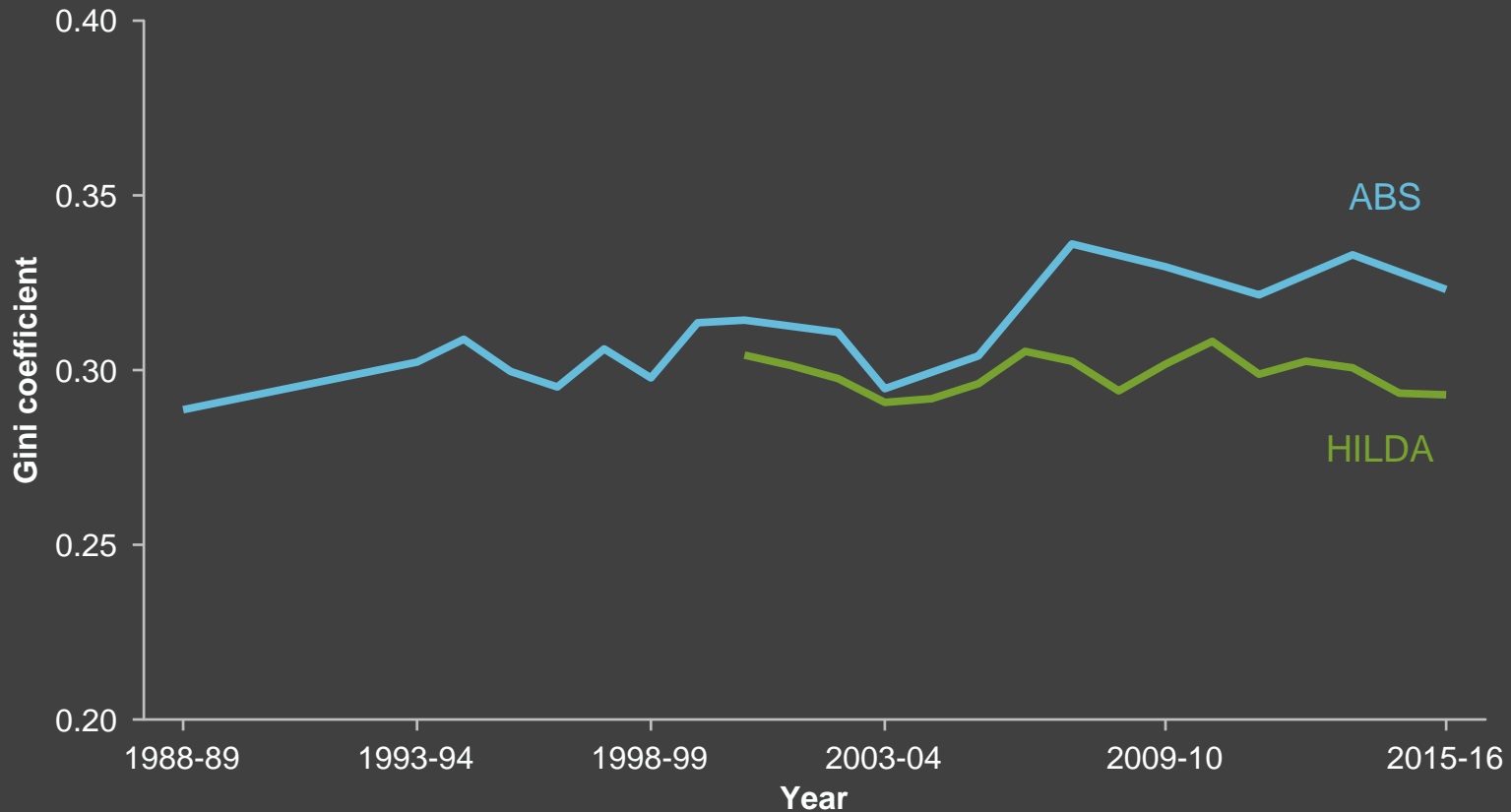
Gini coefficients for equivalised wealth. Household Expenditure Survey and Survey of Income and Housing; HILDA.



Gini coefficients for equivalised consumption. Final consumption = private consumption + in kind transfers from government (such as health and education).



▶ But the trend in income inequality is less clear



Gini coefficients for equivalised disposable income

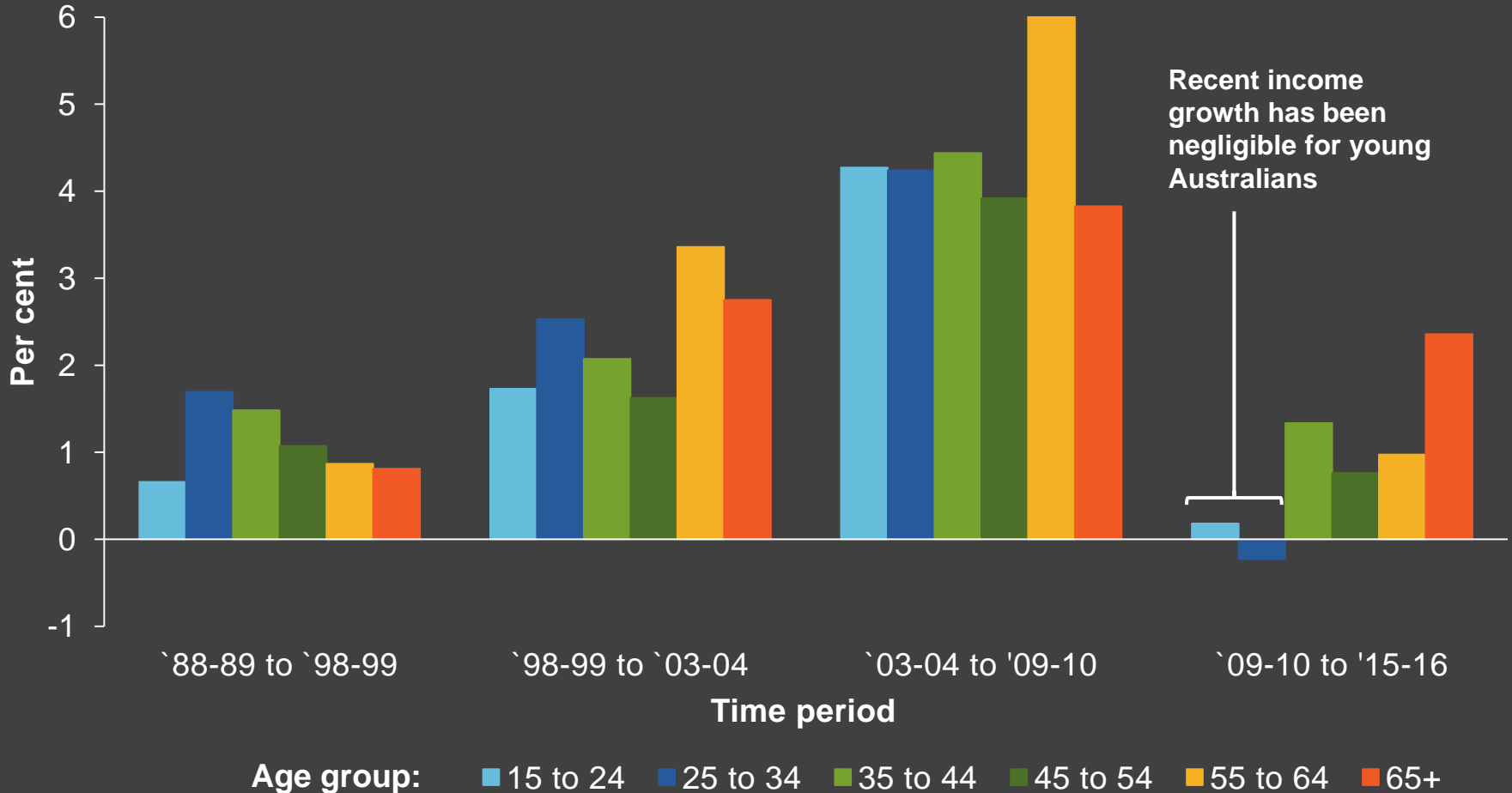
ABS = ABS Household Expenditure Survey and ABS Survey of Income and Housing

HILDA = Melbourne Institute Household, Income and Labour Dynamics in Australia survey



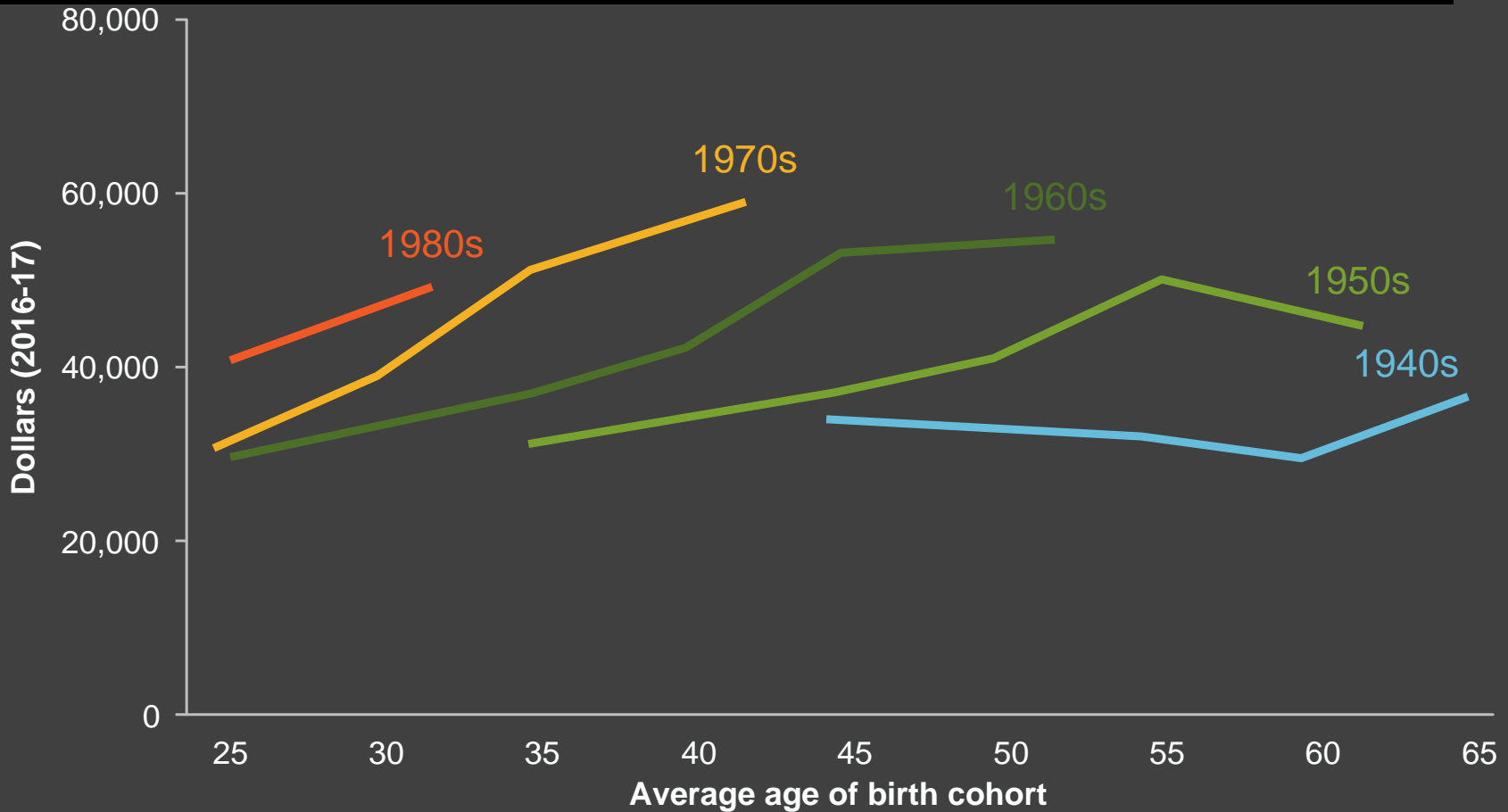
Rising inequality?

▶ Young people have seen little income growth recently...



Average annual growth rates in real equivalised disposable household income by time period and age group, 1988-89 to 2015-16. Data are not available for 1993-94.

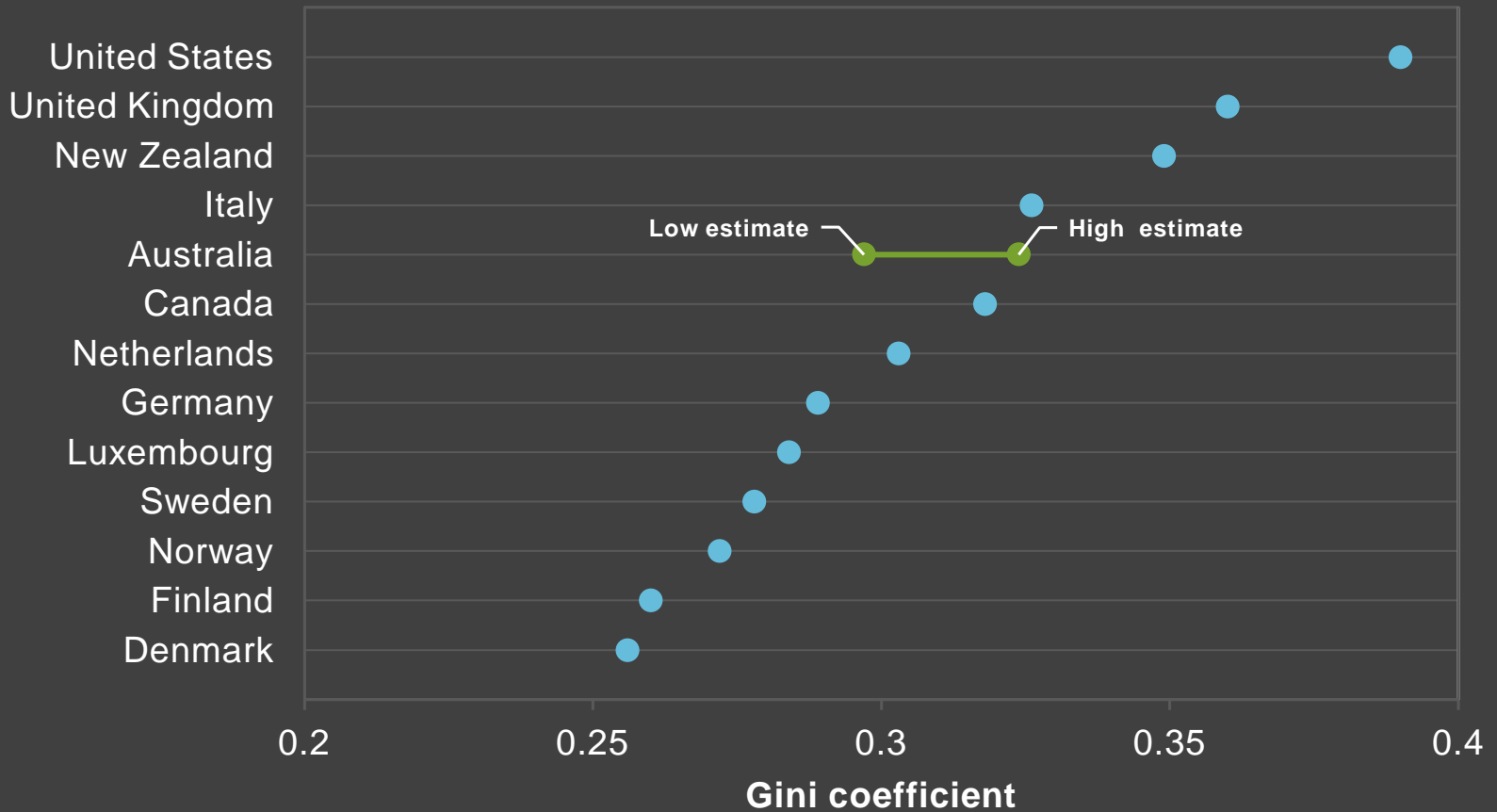
► ...but each generation has earned more than the last



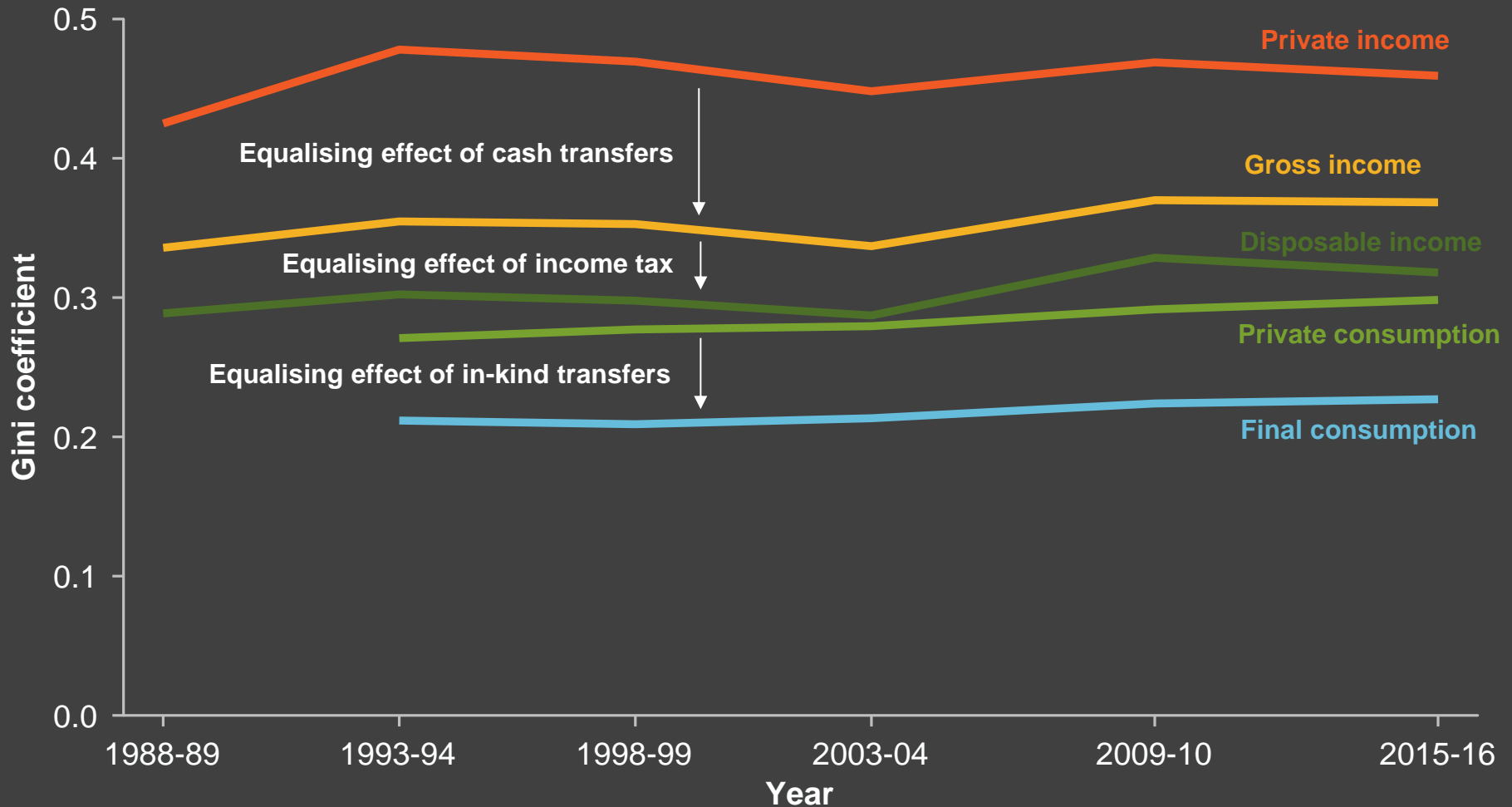
Average individual *real* disposable income by age and birth decade, 1988-89 to 2015-16



Income inequality in Australia is close to the OECD average

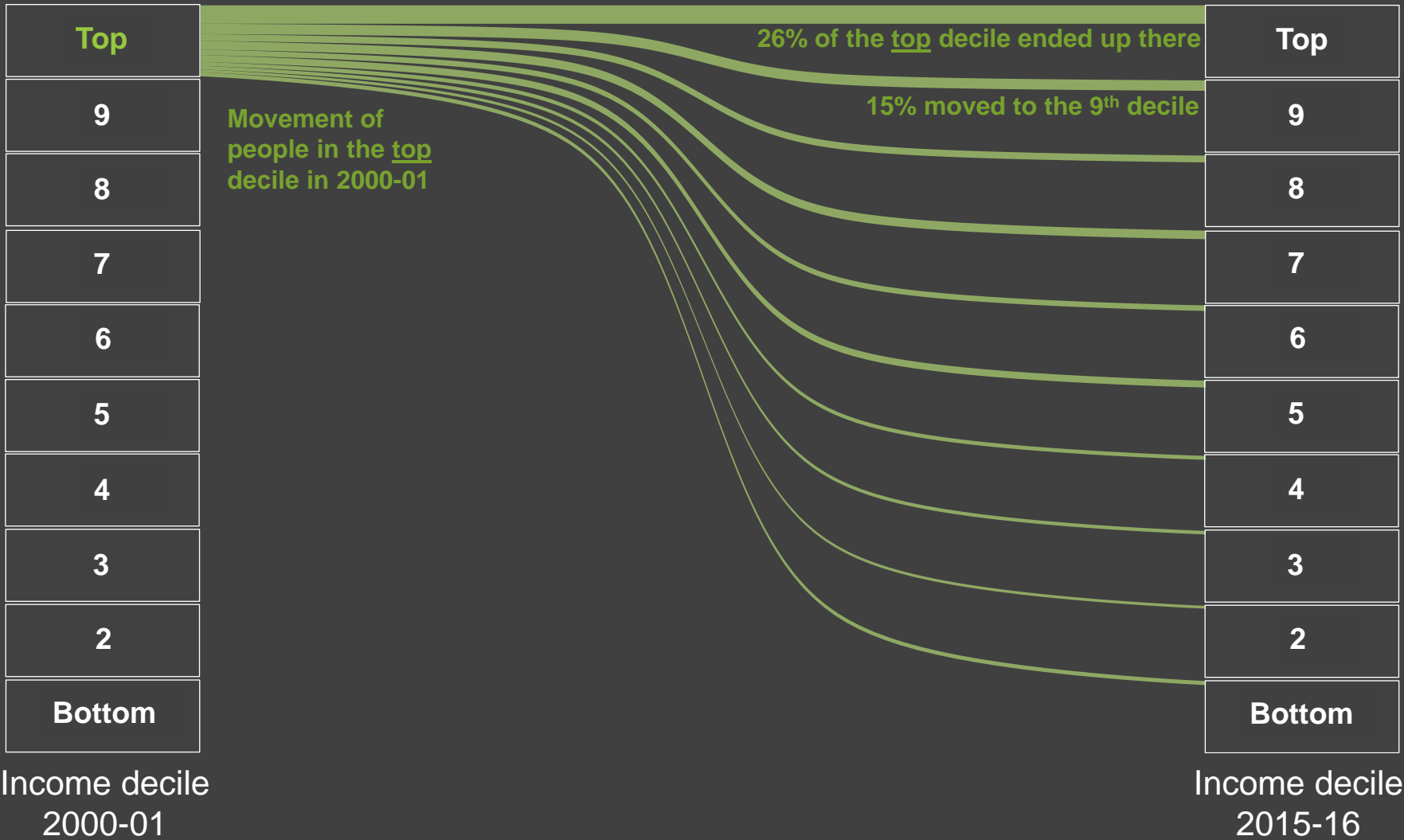


Income taxes and transfers drive inequality lower



Gini coefficients for equivalised private income, equivalised gross income, equivalised disposable income, equivalised private consumption and equivalised final consumption

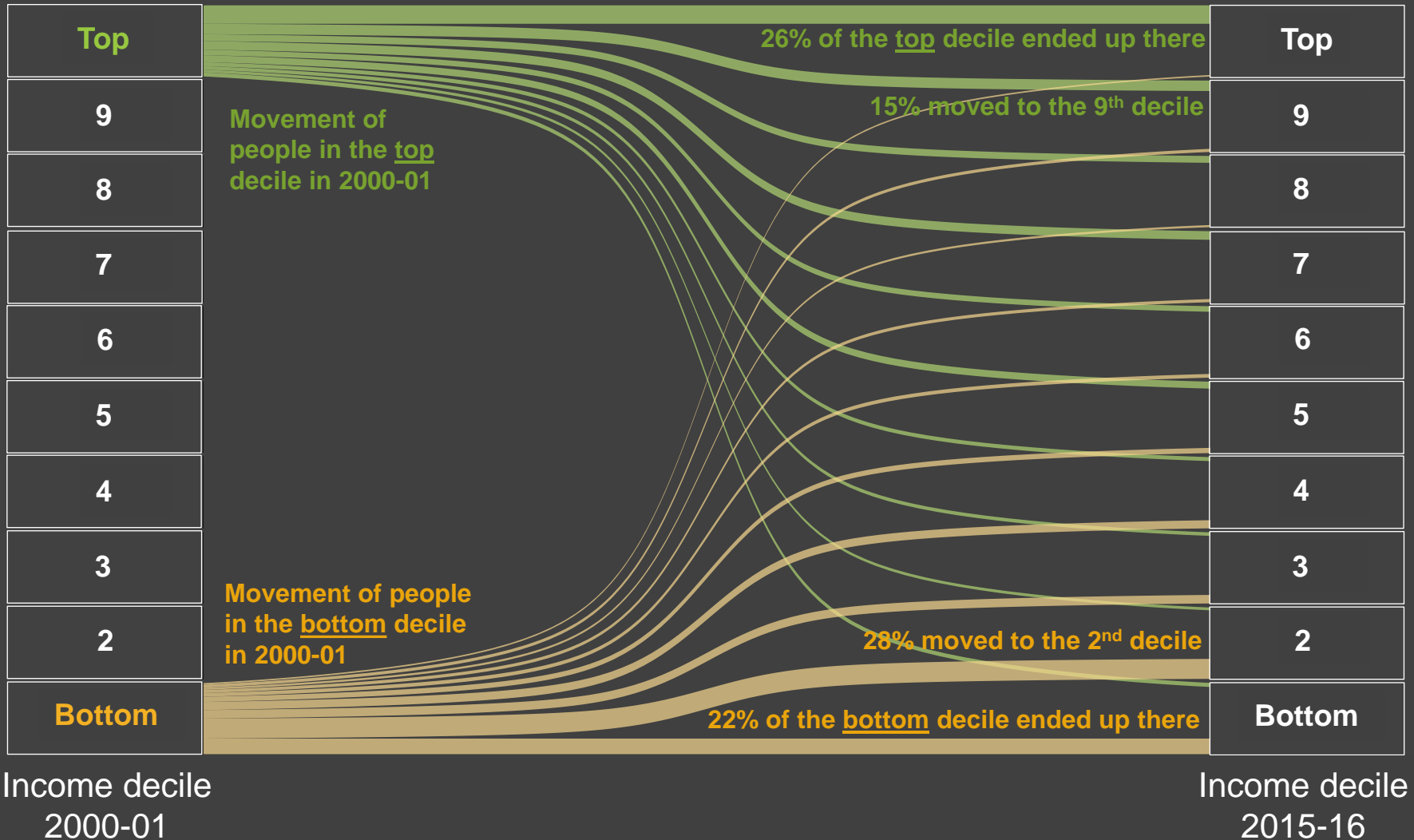
There is a lot of mobility between income deciles



Proportion of people in the top equivalised disposable income deciles in 2000-01, by income decile in 2015-16



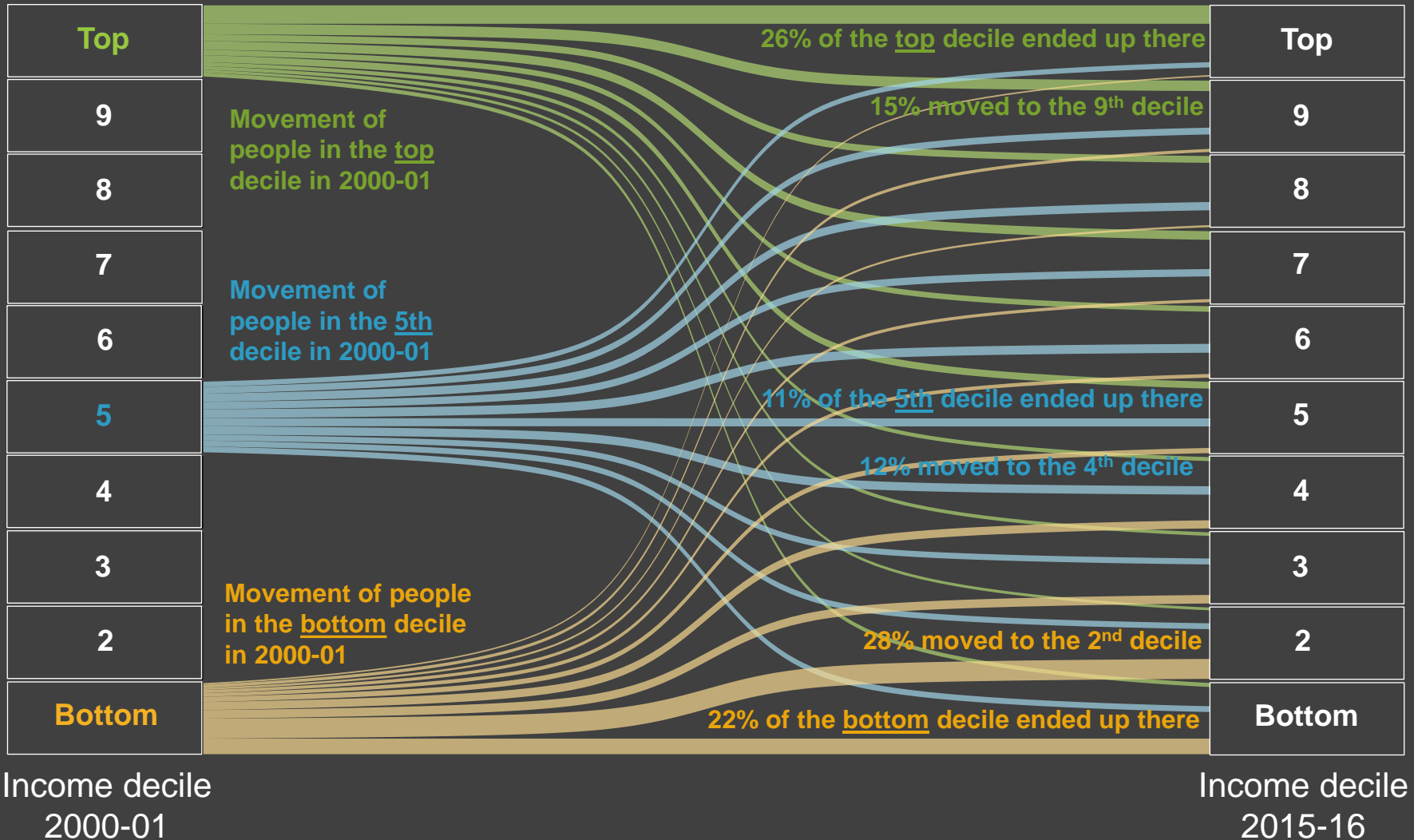
There is a lot of mobility between income deciles



Proportion of people in the top and bottom equivalised disposable income deciles in 2000-01, by income decile in 2015-16



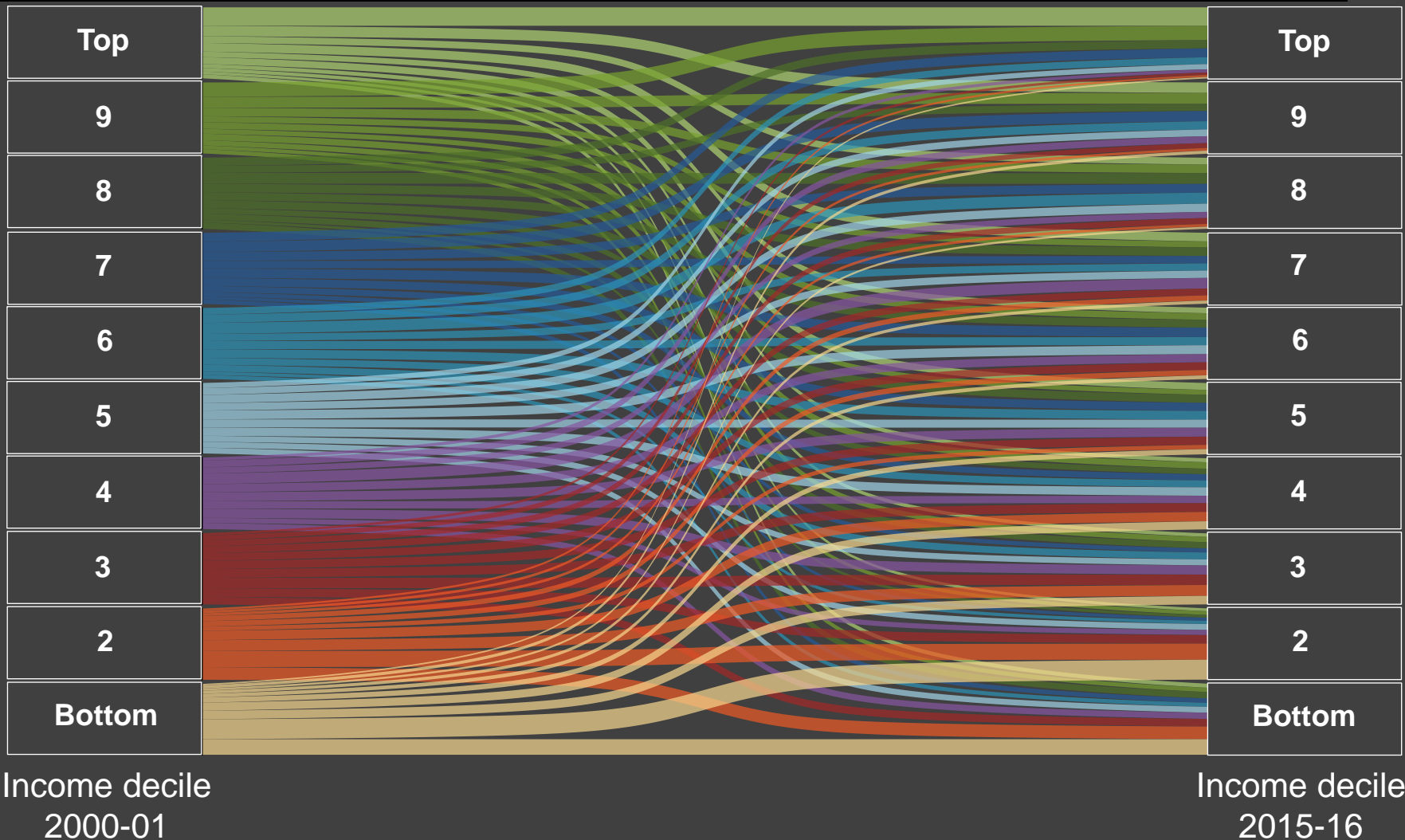
There is a lot of mobility between income deciles



Proportion of people in the top, 5th and bottom equivalised disposable income deciles in 2000-01, by income decile in 2015-16



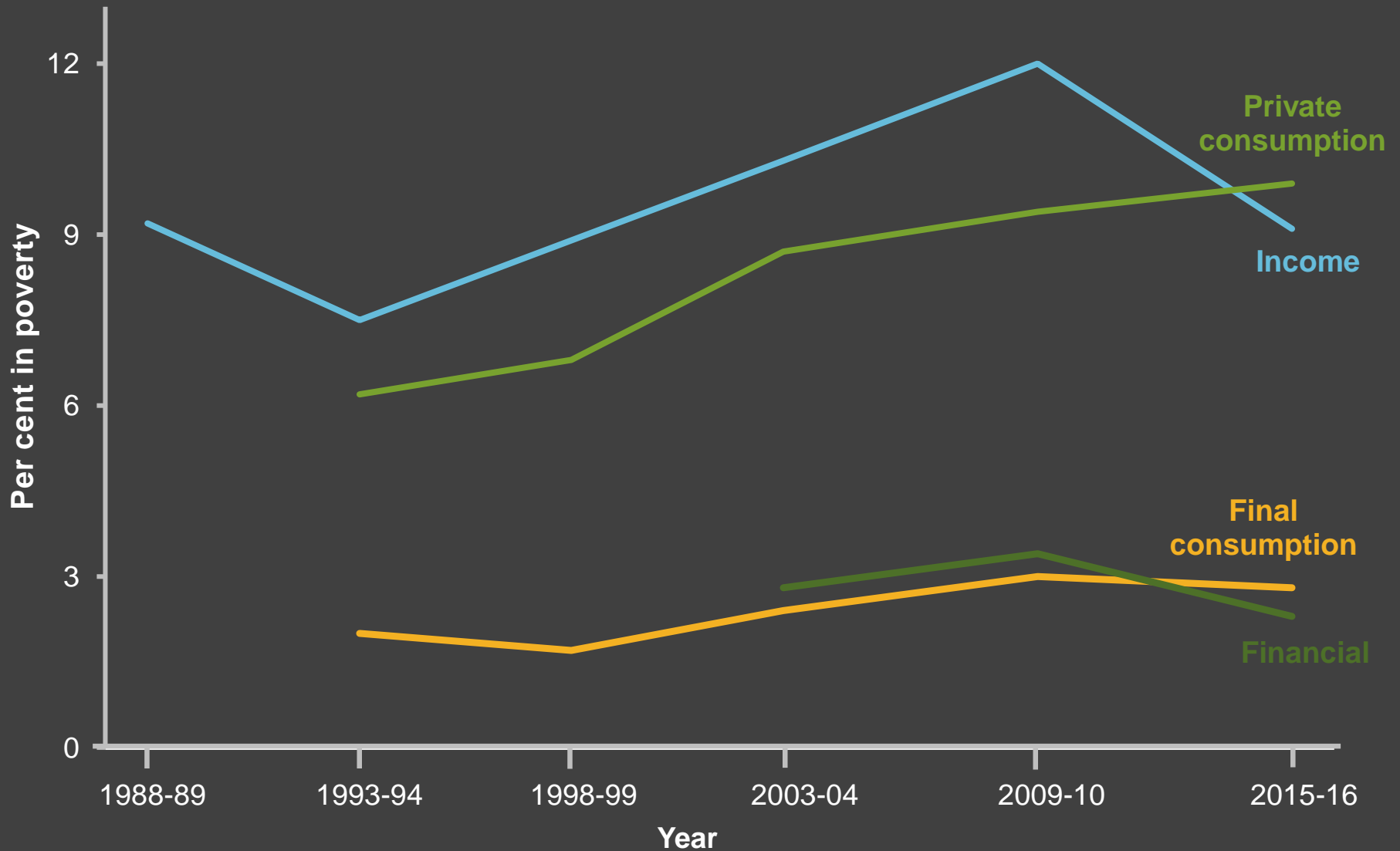
There is a lot of mobility between income deciles



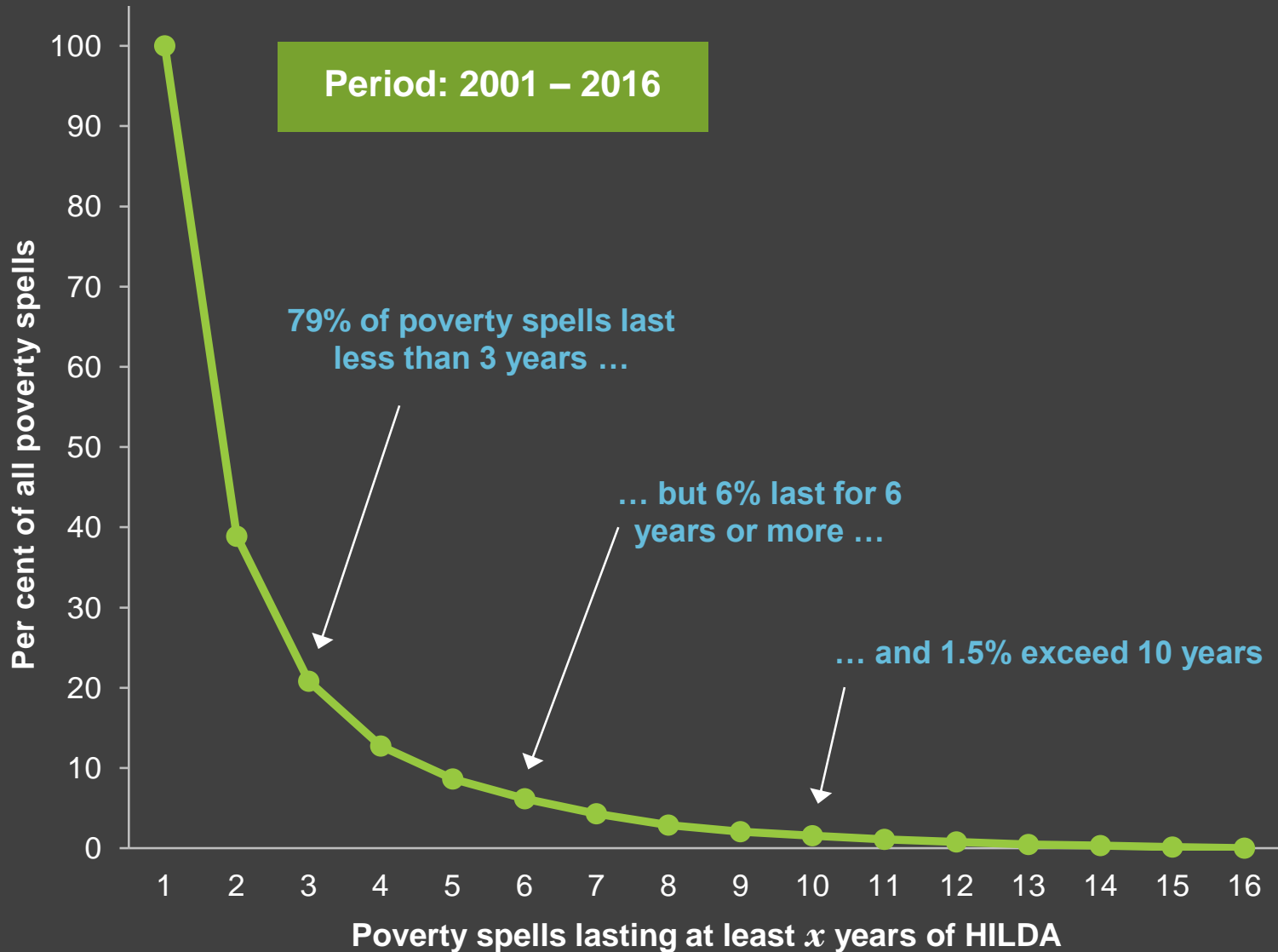
Proportion of people in each equivalised disposable income deciles in 2000-01, by income decile in 2015-16



Poverty prevalence



► Poverty is *mostly* short-term



Thank you

<https://www.pc.gov.au/research/completed/rising-inequality/rising-inequality.pdf>

