

Aussies are earning less and living at home longer



Australia's population is experiencing unprecedented growth, now sitting at a population of 25.4 million. Some of the implications of this population growth are seen in this latest data release from [HILDA](#). It reveals that Australians are experiencing greater stresses due to flat wages growth and increasing house prices.

Flat wages growth

Flat wages growth is a reality in Australia. A decade ago, in today's prices, the median household disposable income (household take home pay) has seen a decrease from \$80,637 to \$80,095 today. Although there may have been increase in wages, the average household (after tax) has less today in real terms.

Over the last 5 years, Melbourne has had the biggest increase in median household disposable income, with an increase of 4%. This wages growth and lower house prices are all contributors to [why Melbourne is Australia's fastest growing city](#).

If Australians were categorised into five groups, based on earnings quintiles over the five years between 2012 and 2017, 34% of middle quintile earners increased their earnings. Just over a third decreased, while 30% experienced no change. In the fourth quintile, 39% decreased and 26% increased their earnings. In the top quintile, 42% decreased with the rest not moving.

As this data shows, it is in these upper and middle categories where household earnings are most challenged, in that they are the most likely to earn less in real terms, compared to five years ago.

When a household's income is half the average income, then they are defined as living in relative poverty. This means they are unable to afford the goods and services needed to enjoy a mainstream lifestyle. In the last five years, the proportion of Australians in this category has broken beyond the 10% mark. Since 2013, it's been below 10%, but in the last year has risen to 11%.

The households most likely to be in this category are elderly singles and elderly couples, followed by single parent households.

Household structures are changing

The proportion of multifamily households has experienced significant growth in the last decade. Two decades ago, 3% of the population lived in multi-family households, today it's 4%. For affordability reasons, not only are young adults staying at home longer but even when they start their own families, they are more likely to live with their parents or have elderly parents move in with them. Thus, the growth in the multifamily household.

The proportion of single-parent households has dropped from 7.1% to 6.6%. It's not that there are fewer single parent families today but that they are less likely to be living as a separate household. The cost of living pressures is such that single parent families are more likely to be living with other family members or friends, to reduce living costs.

The proportion of [young adults living in the parental home has also grown over time](#). Two decades ago, in 2001, 47% of male and 37% of female 18-29-year-olds were living with their parents. Currently, more than half of 18 to 29-year-olds (56% of men and 54% of women)

are living with their parents. That is why young adults today are known as KIPPERS (Kids in Parents Pockets Eroding Retirement Savings).

“These multi-family households or the stay-at-home young adults is not a permanent situation, but rather a temporary solution for financial reasons like saving a deposit, paying down the mortgage or preparing for the next life stage. Even though we’ve seen house price growth slow, and in some areas go backwards over the last few years, overall earnings have been towards flat wages growth, causing these multifamily households,” explains Mark McCrindle.

With living costs high and wages growth flat, investing in childcare has been a significant financial challenge. More than half of all couple parents with young children not yet at school use paid childcare (53%) compared to at the start of this decade (42%). Two thirds (67%) of families with children aged under five have found difficulties accessing and utilising paid childcare.

The biggest reason is the cost (49%) but other factors include finding care for a sick child (35%), finding care at short notice (33%) and finding a place at your childcare of choice (29%).

The median weekly expenditure people are paying per week for childcare is \$152.60, up from \$109 a decade ago.

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