

# Australia's Income and Wealth Distribution



*The average household annual income is \$116,584 and the national average household net wealth has tipped the million-dollar mark for the first time at \$1,022,200, according to the ABS' latest Survey of Income and Housing (2017-18).*

With higher wealth and income levels than ever are we any better off?

“For most Australians, income is the most important resource they have to meet their living costs. However, reserves of wealth can be drawn upon to maintain living standards in periods of reduced income or substantial unexpected expenses. Considering income and wealth together helps to better understand the economic wellbeing or vulnerability of households.” - ABS

## By generation

Generation Y households make up 15% of the national population but own only a 7% share in the nation's wealth (\$345,900 per household). This is to be expected as they have not been in the workforce as long and building wealth takes time. Generation X have an equal share in the nation's wealth in comparison to their demographics. Boomers are the best off financially, having around double the share in national wealth compared to their population size. They also have the highest average income, showing a person's middle-aged years as the highest earning years.

The differences are much smaller when comparing incomes of working age households. A difference of only \$27,612 between the highest earning (younger Boomers) and the lowest earning group (Gen Y), excluding Builders.

## Are we better or worse off than our parents were?

In 1984, the average annual full-time salary was \$19,000 but the average property price was just \$64,000 (3.4 times the average full-time earnings). In 1975 the median house price was 5 times the average full-time earnings and crept up to 6 times in 1996.

Today the average adult full time wage is \$88,150 with median house prices across Australia at an all-time high of \$750,721, 8.5 times the average earnings. [It is no wonder millennials are living at home longer and studying longer.](#)

[Master's degrees are now the new bachelor's degrees](#) and depending on the industry can have a significantly positive impact on employment opportunities and income. The number of people with postgraduate degrees increased 46% in five years, from 631,000 in 2011 to 921,000 in 2016.

## The gap between rich and poor

[Income growth has been slow](#) over the last decade. In the ten years leading up to 2017-18, the average weekly household income has only increased \$44 to \$1,062.

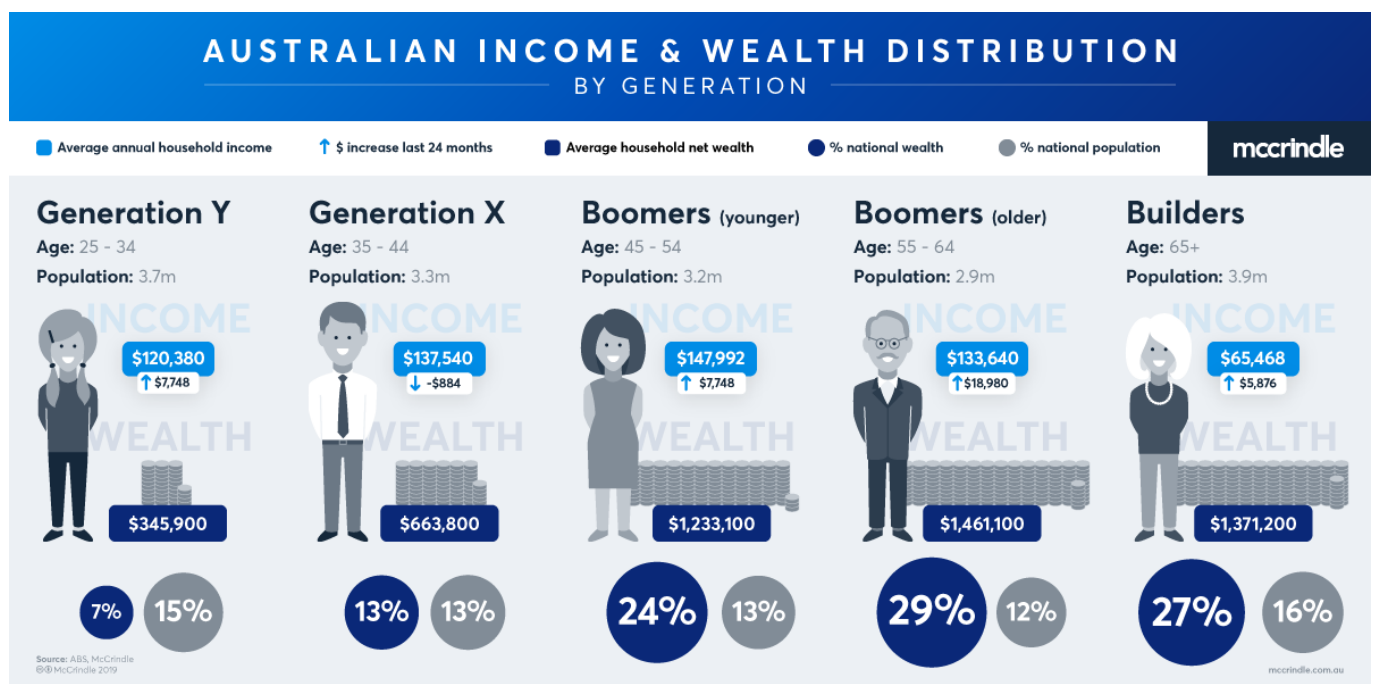
Yet wealth growth has been strong. Average household wealth has increased from \$749,000 in 2005-06 up to today's 1 million-dollar milestone; a rise of 37%.

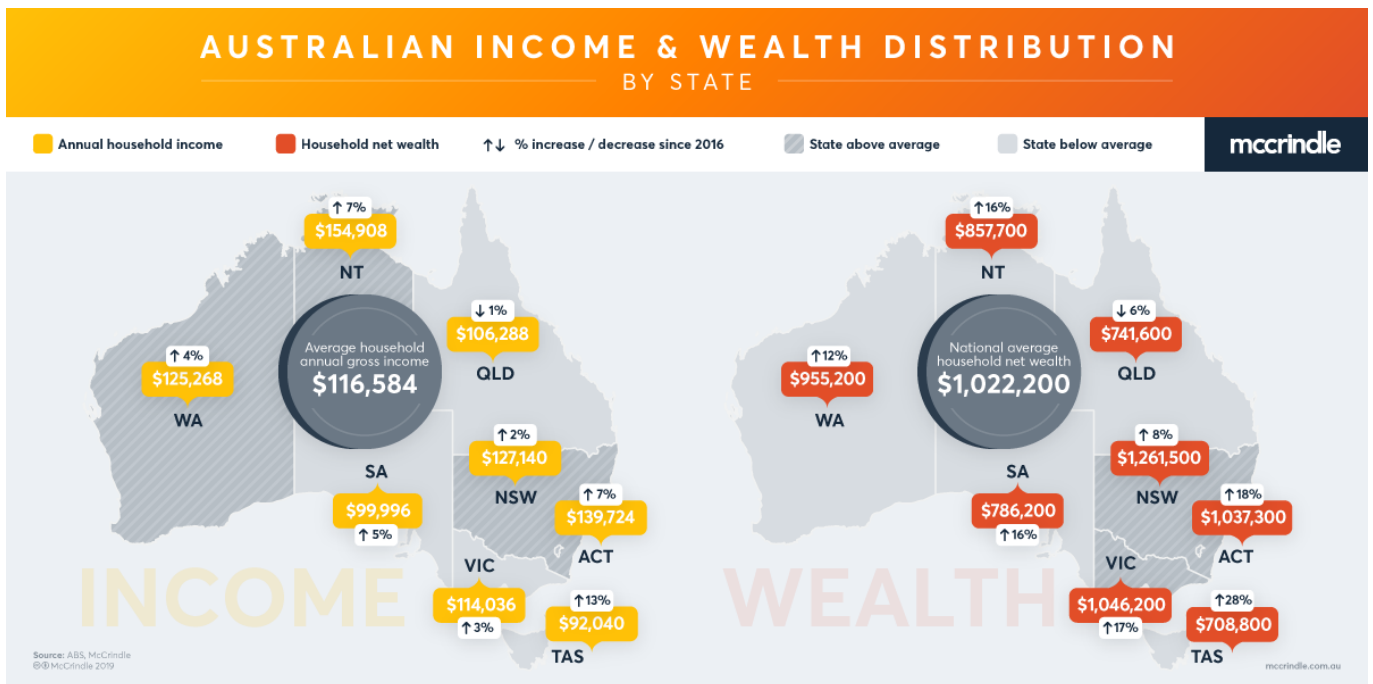
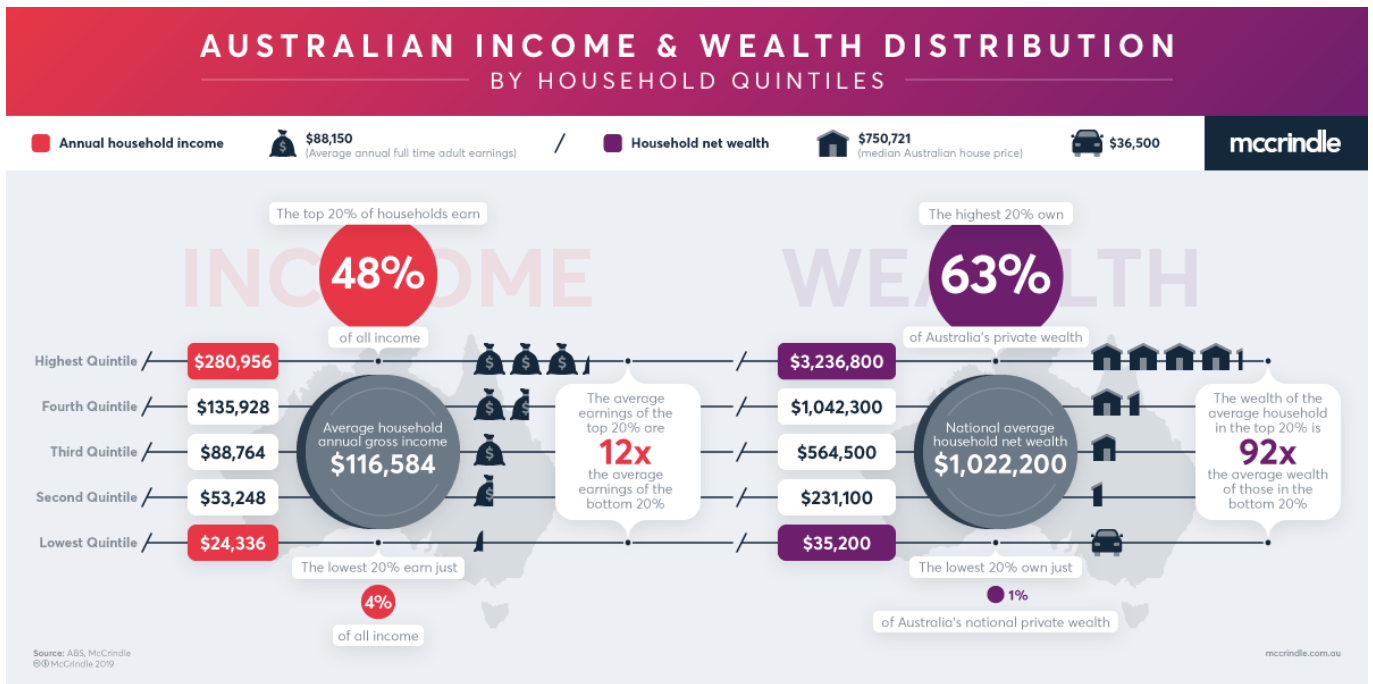
The average household gross income is \$116,584, however the top 20% of households earn 48% of all income. Twelve times more than the bottom 20% who are left with just 4% of

Australia's income. That leaves the middle classes, 60% of Australia's population, with the other 48% of earnings.

The top 20% also owns just shy of two thirds of Australia's wealth (63%). To put that into perspective, that's 92 times more than the average wealth of those who find themselves in the bottom 20% of the population, who own just 1%.

"The fact that average household annual earnings have now hit six figures, with average wealth breaking the million dollar mark may seem astounding. But keep in mind that three quarters of this wealth is tied up in the family home, with a good proportion of the rest locked up in superannuation until retirement. Therefore, for most households, cost of living challenges define their financial situation. As a result, constrained household spending will remain a key economic theme for Australia as we move through the 2020's." - Social Researcher, Mark McCrindle.





### For more information

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