

The Australian Inequality Index

A Per Capita initiative

Summary Report - May 2023



**Australian
Inequality
Index**

A Per Capita initiative

percapita
FIGHTING INEQUALITY IN AUSTRALIA

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Foreword

The Australian Inequality Index is a ground-breaking new tool that provides a multidimensional measure of inequality across a range of economic, social, and demographic indicators. By tracking changes in inequality over time, we hope to enable a richer, more nuanced understanding of the root causes of inequality and develop targeted solutions to address them.

With the launch of this index, we intend to promote greater awareness of the many forms of inequality that exist in Australia today. By bringing together data from a range of sources and presenting it in a user-friendly format, the Australian Inequality Index is intended to democratise information that has previously been largely inaccessible to ordinary people and the community organisations that serve them.

The over-reliance of economists and policy makers on traditional measures of progress, such as Gross Domestic Product (GDP) or Gross National Income (GNI), is understandable: it has been the dominant measure of economic

progress for the better part of a century. Yet there is a shift afoot, with many policy thinkers and leaders now acknowledging its limitations as a tool to measure genuine social progress.

This shift can be seen in the rise of movements advocating the implementation of *wellbeing budgets* as a core part of government policy processes.

That the Australian Federal Government has recently embraced the wellbeing framework underscores the utility and timeliness of our Index.

The Index provides seven conceptually sound, easy to follow sub-indices, and a composite index that brings these seven dimensions together. The sub-indices provide a useful set of insights into progress achieved within each of the chosen dimensions: income, wealth, gender, generation, ethnicity, disability and First Nations.

Collectively, they provide a better measure of social and economic progress than GDP or GNI: they offer insight into whether benefits

are equitably shared between different demographic cohorts, and whether our society is becoming more or less equal.

While no measure or index will be perfect, the Australian Inequality Index looks beyond traditional measures that focus on economic growth, and too often disregard the distribution of that growth and its consequent prosperity.

The development of the Australian Inequality Index would not have been possible without funding from Our Community, an organisation that champions real social and economic change. We thank them for their generous support.

I also want to thank Per Capita's dedicated team of researchers, economists and data analysts, who have worked tirelessly to develop this important tool, which we hope will be a useful asset to policy makers, researchers, community organisations – indeed, to anyone interested in building a fairer, more sustainable Australia.

Emma Dawson
Executive Director, Per Capita

About Per Capita

Per Capita is an independent public policy think tank. We work to build a new vision for Australia based on fairness, shared prosperity and social justice.

Our office is located on the lands of the Wurundjeri people of the Kulin Nations, which were never ceded. We strongly support the Uluru Statement from the Heart and the call for a First Nations Voice to Parliament.

Per Capita's research and policy prescriptions are rigorous, evidence-based and long-term in outlook. All our publications and activities are intended to deepen political, social and economic democracy, and we are focused on challenges for the next generations rather than the next election cycle.

Our approach to public policy

Per Capita's approach to public policy challenges the dominant narrative that disadvantage arises from personal fault or failure by pointing out the policy choices that have deepened inequality and proposing alternative choices that will lessen it.

Our policy analysis and recommended solutions seek to recognise the challenges, and work within the complex economic, political and social conditions, of our age, such as:

- The impact of rapid climate change and extreme weather events;
- Growing economic inequality, with increasing returns to capital and a decline in returns to labour;
- The growing difficulty of accessing good jobs, adequate income support and secure housing; and
- The negative effects of privatisation and the deliberate shrinking of essential public services.

In doing so, we strive to incorporate new thinking in social science and economics, innovative ways of working with data, and effective evaluation tools to measure outcomes. We also engage actively with organisations across society, including the union movement, civil society, the community sector, academia, business, government

and the public service, and social change movements.

In all our work, we seek to understand and highlight the experiences of those who bear the brunt of the effects of policy choices that exacerbate inequality, including underpaid and exploited workers, people who can't get a decent job, women, First Nations people, members of the LGBTQ+ community, people with disability and their carers, migrants and refugees, and others who are marginalised by our economic and social structures and denied their fair share of power and resources.

We live and work in hope and solidarity

The democracy Per Capita works for is one that shares its knowledge, wealth and power, to ensure all its citizens can live meaningful and fulfilling lives, able to take care of each other and of our shared planet.

Why do we need an Australian Inequality Index?

Almost a decade ago, Thomas Piketty predicted that inequality in advanced nations would grow from an historically low basis between the 1950s and 1970s to reach heights not seen since the 19th Century. This, he argued, would lead to social and political instability that would threaten the democratic order so carefully established over the last century.



Inequality is, to a certain extent, inevitable in complex societies, in which individuals make different choices and pursue different priorities. However, extreme structural inequality is caused by collective decisions of the state and, under modern capitalism, by the deregulation of market forces that care not for the distribution of wealth but only for its aggregate growth.

As Piketty demonstrated, economic inequality is not an *accident*, but rather a *feature* of capitalism; one that, without adequate intervention from the state to redistribute the benefits of economic growth and prosperity more fairly, threatens to destroy even the most advanced economies and seemingly robust democracies.

Warnings about the impact of gross inequality are not new: while Piketty's book caused a sensation on its publication, many of his arguments are rooted in the earlier work of political and economic theorists such as Marx, Polanyi and Gramsci. Indeed, history shows us that when economic equality within and between societies and nation-states reaches certain tipping points, social cohesion begins to break down. Left unchecked, extreme economic inequality can cause the collapse of societies.

We've known for generations that a return to the levels of economic and social inequality that persisted before the reforms of the 20th Century would lead to civilisational decline and social failure, yet despite



the overwhelming evidence renewed and presented in *Capital in the 21st Century* in 2014, inequality in advanced nations has continued to grow in the years since.

Many of the social disruptions that Piketty predicted in 2014 have begun to take hold across Europe and the US, with citizens voting for populist leaders who stoke division, fear and resentment to gain and hold on to power. Piketty's work was published before Brexit, before the rise of Donald Trump, before the shift of many once solidly social-democratic European nations towards nationalist and even openly fascist political leaders.

It seems clear that the political-economic system in which we now live is unable to grapple with the implications of continuing a laissez-faire approach to regulating global capitalism.

This is because inequality is, too often, deliberately hidden or downplayed by the leaders of that system. Extreme inequality is excused, usually by those who most benefit from it, as the result of individual choices or an unfortunate by-product of necessary economic growth.

Governments, even social-democratic ones, have too easily been convinced that state intervention in the market will reduce growth and therefore must be restrained. Those doing the convincing are almost invariably representatives of the capital class, who enjoy through their wealth the kind of access to and influence over power once the preserve of courtiers to unelected rulers.

Understanding inequality and its causes is essential for those engaged in the work of creating a fairer, more sustainable world, but it is also necessary that the broader public understands that growing inequality threatens all of us, regardless of how privileged we may be under our current economic system.

Our hard-won democratic rights – to individual and social wellbeing, to welfare, to peace and prosperity – are at real risk from the growth in inequality in the 21st Century. It is critical that we take collective action to reverse the course set by extreme, unregulated market capitalism and restore the redistributive function of the state.

This requires that we reclaim the role of government in ensuring equality of opportunity and supporting equality of outcome, and that we empower communities to take control of their fortunes and determine the best allocation of resources to promote social cohesion and wellbeing.

While Australia has not yet suffered the shocking displays of social disruption we have witnessed in the US and Europe in recent years, largely due to our system of democratic enfranchisement and relatively low level of inherited class privilege among the settler community during the 20th Century, evidence of rising inequality is growing here too.

The Australian Inequality Index is a tool by which we can measure the various aspects of inequality across our society, interrogate its causes and inform the necessary government and community-led interventions to reduce it.

What is inequality?

There are many dimensions to inequality. Inequalities of income and wealth create disparities in the opportunities afforded to people to build secure, safe and happy lives. It limits social mobility and reduces economic growth and security.

Social inequality is another dimension of inequality, referring to the unequal distribution of social resources and opportunities among different groups of people. Despite Australia's relative social cohesion, social inequality remains a pervasive part of our society, affecting growing numbers of Australians.

Social inequality can take many forms, usually due to discrimination along the lines of race and culture, gender, disability, sexuality or age. Inequities due to discriminatory attitudes and practices have significant deleterious effects on individuals and weaken society by creating divisions that lead to social and political instability.

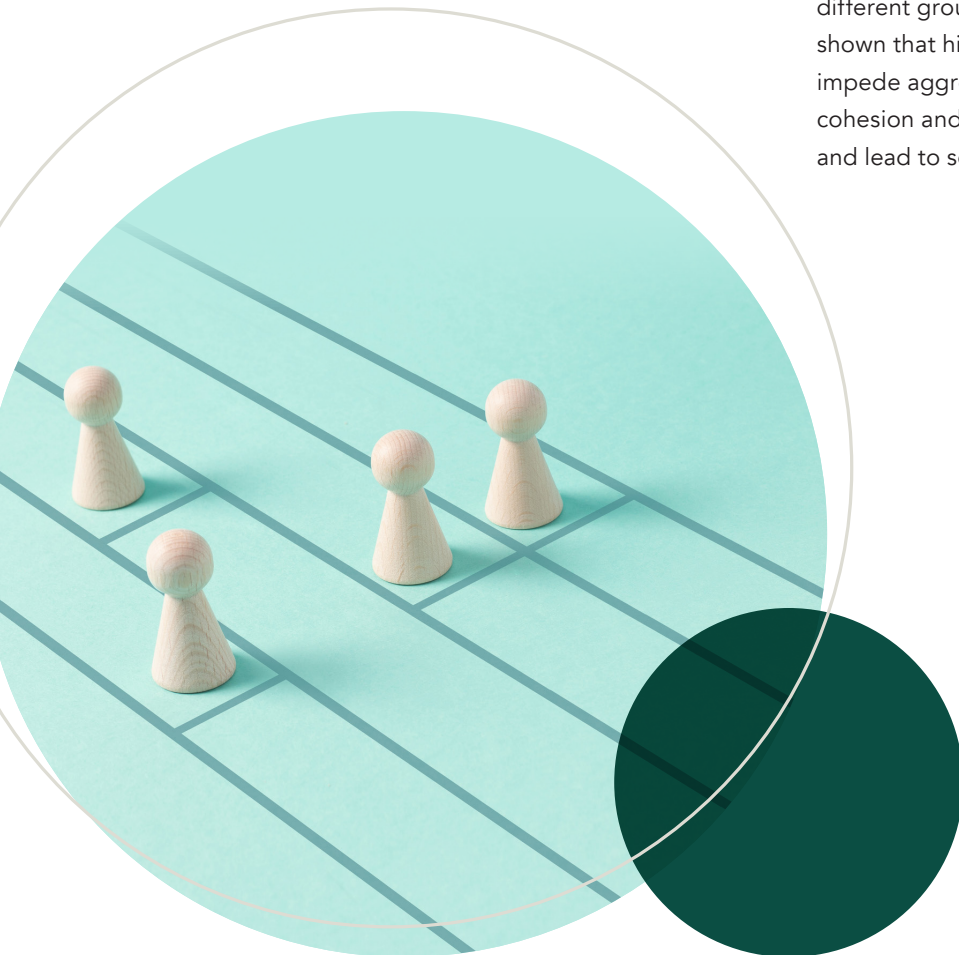
Examining poverty versus economic and social inequality

Poverty and inequality are closely related, but they are not the same thing.

Poverty refers to the state of not having enough material possessions or income to meet basic needs. This can include simple things like food, clothing, shelter, and access to healthcare and education.

Poverty can have profound negative effects on a person's health, education, and overall quality of life. Its eradication should be a principal motivation for policy makers and understanding economic and social inequality is critically important to that goal.

Inequality is a certain cause of poverty, but that is not its only implication for society. Inequality refers to the disparity in wealth, income, or opportunities between different groups of people. Abundant research has shown that high levels of economic inequality can impede aggregate growth, undermine social cohesion and trust in democratic institutions, and lead to social and political instability.



Approaches to measuring economic and social inequality

Economic measurement and reporting has historically been dominated by a number of traditional economic measures, such as Gross Domestic Product (GDP), Gross National Product (GNP) and similar hedonic measurement approaches. While such approaches provide useful insights into economic production and productivity, they are limited measures of human progress.

In his initial report to the U.S. Congress in 1934, Simon Kuznets, the economist behind the development of the GDP, pointed out that the well-being of a nation cannot be accurately deduced solely from a measurement of national income. Twenty-eight years later, in 1962, Kuznets further emphasised the need for a nuanced understanding of growth. He stressed the importance of distinguishing between the *quantity and quality* of growth, the costs and returns involved, as well as the short-term and long-term implications. Kuznets advocated for a more comprehensive approach, urging policymakers to clarify the specific aspects and purposes of growth that should be pursued.

These observations emphasised the limitations of relying solely on economic indicators to gauge the overall welfare of a society, yet the tool to which he contributed has since come to dominate policymaking across the world.

In recent years, however, there has been some progress towards enhancing economic measures such as GDP by embracing other factors that illuminate the impact of public policy individual and community wellbeing. The global movement to entrench *wellbeing budgets* by national governments, and to *measuring what matters* as part of the policy

making process are gaining ground in many advanced economies, as we grapple with the impact of climate change and rapidly growing social and economic inequalities within and between nation states.

For example, the human development index (HDI) is a measure of the progress and wellbeing of a country or region. It is calculated using three key dimensions of human development: health, education, and income. The HDI is a composite index that combines these three dimensions into a single measure, with each dimension being equally weighted.

The HDI is a widely used measure of human development and is published annually by the United Nations Development Programme (UNDP). It is used to rank countries and regions on a scale from 0 to 1, with a higher HDI indicating a higher level of human development.

The HDI is a useful measure of human development because it provides a more comprehensive view of well-being than other measures, such as GDP per capita, which only takes into account economic growth. By incorporating other important dimensions of well-being, such as health and education, the HDI provides a more holistic picture of a country's progress.

There are several alternative measures to the human development index (HDI) that are used to assess the well-being and progress of a country or region. Some of the most notable examples are the Multidimensional Poverty Index (MPI), Inequality-Adjusted Human Development Index (IHDI), Gender Development Index (GDI), and Gender Inequality Index (GII).

Table 1 Measures of Inequality

<p>The Multidimensional Poverty Index: The MPI is a measure of acute poverty that takes into account not just income but also other factors that can contribute to poverty, such as poor health, lack of education, and lack of access to basic services.</p>
<p>The Inequality-Adjusted Human Development Index: The IHDI is an extension of the HDI that adjusts the HDI for inequalities in different dimensions of human development, such as health, education, and income.</p>
<p>The Gender Development Index: The GDI is a measure of gender inequality that takes into account differences in male and female achievements in different dimensions of human development, such as health, education, and income.</p>
<p>The Gender Inequality Index: The GII is a measure of gender inequality that takes into account a broader range of factors, including reproductive health, empowerment, and labour market participation.</p>

These alternative measures can provide a more nuanced and comprehensive view of human development and wellbeing and can help to identify areas where progress is being made and where further action is needed. Measures of inequality/entropy such as the Theil Index and the Gini coefficient are also frequently employed to determine the extent to which societies are equal.

Yet while such measures offer beneficial insights, they do not afford a nuanced understanding of inequality beyond a singular economic dimension.

There remains a dearth of research examining inequality within Australia. Despite the growing awareness of the importance of reducing inequality for social and

economic progress, there is a lack of comprehensive and multidimensional measures that capture the complexity of inequality in the country, and which might inform a greater public understanding, and a richer and more inclusive national conversation, about inequality and its impact on our society.

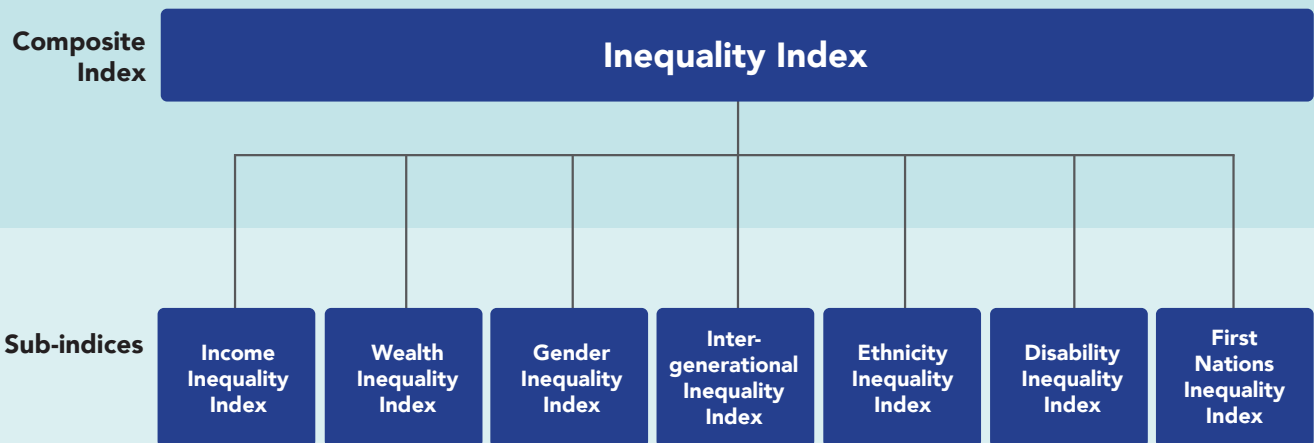
This report, and the Index it explains, seek to address this gap in public information by providing a comprehensive and multidimensional measure of inequality that can inform policymaking and advocacy. By measuring shifts in measures of inequality the index and sub-indices afford a more comprehensive and nuanced representation of the root causes and impact of inequality in Australia.

Framework and design

A number of indicators were curated from various international agencies and government data sources to establish the database necessary to construct the Index values. While the Index will be used to inform Per Capita's regular analysis of existing and emerging government policy to assess the impact of such on inequality, and the underlying metrics updated annually and/or as new data sets are published, the methodology and dimension weightings will remain stable over future iterations of the Index to ensure accurate longitudinal analysis.



Figure 1
Construction of the Australian Inequality Index





Exploring the sub-indices and their construction

Per Capita designed the Index deliberately to address the lack of integrated measures of inequality across critical dimensions of society. That is, in order to understand the incidence and impact of inequality beyond simple economic measures, we have designed the Index to incorporate different forms of social inequality as experienced by people due to their racial or cultural background, their gender, ethnicity, disability status or age.

The selection of parameters in the Index depends on their relevance to dimensions of economic inequality including social engagement, labour market participation, economic opportunity, access to power and financial security. We have preferred data sets that are well established and publicly accessible wherever possible. This deliberate approach aims to facilitate ease of comprehension, bolster verifiability, and maintain overall continuity of measurement structures for future iterations of the Index.

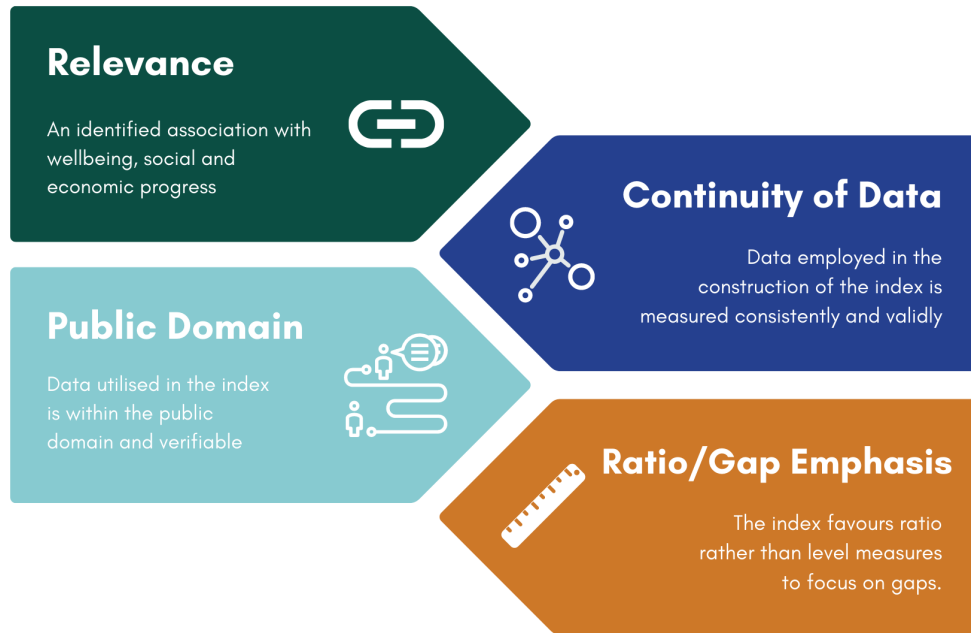
Continuity in data availability is critical to the future utility of the Index, as it serves as the foundation for the incorporation of additional variables as they come

to hand, and will enable the seamless integration of new data, promoting longitudinal analysis and the exploration of emerging trends.

Note that the Index places primary emphasis on disparities, or gaps, in equality within Australian society rather than absolute levels of poverty or disadvantage.

As anticipated, we encountered a significant lack of data relating to certain key dimensions that affect social inequality and discrimination, most especially in relation to disability, ethnicity and gender beyond the binary. As such, the sub-indices relating to these dimensions currently rely on a subset of desired indicators and/or are flagged for future inclusion based on the data capture process initiative by the government – for example, as federal agencies begin to collate data about people with diverse gender identities, we will be able to expand the gender sub-index accordingly. Future iterations of the Index will, therefore, incorporate these critical data series in consultation with people with lived experience and expertise about these social and demographic dimensions of inequality.

Figure 2 Guiding Principles of the Australian Inequality Index Design



Per Capita considered the following dimensions to be critical for inclusion within the first iteration of the index, notwithstanding the desire to broaden the index within future iterations, while maintaining the same methodological approach.

Figure 3: Dimensions of Inequality



Table 2: Australian Inequality Index (Sub-Indices)

Income Inequality Index

The Income Inequality Index provides a critical insight into the divergences that exist in the income of different cohorts in Australian society. The three critical indicators included within this index are measures of income differences by quintiles, and a key risk measure comparing income to debt by quintile.

Wealth Inequality Index

The Wealth Inequality Index provides an important insight into the divergences that exist in the wealth of different cohorts in Australian society. The three critical indicators included within this index include wealth differentials by quintiles, a key measure of debt to assets by income quintiles.

Gender Inequality Index

The gender dimension captures critical divergences in political representation, crime victimisation, income and labour market participation. These indicators enable the capture of evidence pertaining to gender based differences that are critical to health, wellbeing and social participation.

Intergenerational Inequality Index

The intergenerational index is a unique attempt to capture intergenerational disadvantages faced by young Australians. The index incorporates three key measures, youth and elderly poverty rates, retirement intentions and the elderly poverty gap, to determine the extent to which young people, younger generations, and elderly Australians are able to progress in life.

Ethnicity Inequality Index

The Ethnicity Index measures key differences between racially, culturally and linguistically diverse communities and the broader population in relation to employment and discrimination. This index will be extended in the coming years in consultation with relevant stakeholders.

Disability Inequality Index

The Disability Inequality Index provides insight into key dimensions of inequality comparing the labour market participation of people with a disability to those of individuals without declared disabilities. The index also tracks the rate of reports of disability discrimination. This index will be extended in the coming years in consultation with relevant stakeholders.

First Nations Inequality Index

Australia's first peoples continue to suffer generational disadvantage with limited progress achieved in closing critical gaps between the settler and First Nations communities. The First Nations Index tracks the Productivity Commission's indicators pertaining to the Close the Gap initiative. Collectively, these indicators offer important insights into the existing inequalities.

Note - Each sub-index is constituted by a series of specific indicators. The indicators are chosen to capture critical trends relating to specific measures of progress or specific communities.

The Australian Inequality Index indicators

As noted, each sub index is constituted by a series of indicators relevant to the category. The aligned sub-indices are outlined within the following table. Notably, the variables selected are all available within the public domain, to ensure that the Index does not rely upon commercial or proprietary datasets.

Table 3: Inequality Indicators

Sub-index	Definition	Name
Income	The relative income of Australians (Q1 to Q5)	Income Inequality Index (Q1/Q5)
Income	The relative income of Australians (Q2 to Q4)	Income Inequality Index (Q2/Q4)
Income	Households with debt three times income (Q1 to Q5)	Three times debt to income
Wealth	The relative wealth of Australians as measured by net assets (Q1/Q5)	Asset Inequality Index (Q1/Q5)
Wealth	The relative wealth of Australians as measured by net assets (Q2/Q4)	Asset Inequality Index (Q2/Q4)
Wealth	The relative wealth of Australians as measured by net assets (90/10)	Asset Inequality Index (80/20)
Wealth	The rate of homelessness annual measures differential access to housing	Rate of homelessness
Wealth	Debt 75% of assets held (Q1 to Q5)	75% rate
Gender	The Difference in political representation by gender	Gender Political Representation Index
Gender	The ratio of crime victimisation of women to men	Crime victimisation by gender
Gender	The ratio of the percentage of women in the workforce to men	Labour force participation ratio
Gender	The ratio of women's earnings to men's earnings	Wage ratio (weekly)
Gender	Non school qualifications completed by gender women divided by men	Post secondary completion ratio
Intergenerational	The rate of poverty amongst the elderly as an index	Poverty Index - age 67 and above
Intergenerational	The poverty gap amongst the elderly as an index	Poverty Gap Index - age 67 and above
Intergenerational	The poverty gap as an index	Poverty Gap Index - Youth
Intergenerational	The age at which people intend to retire	The intended age of retirement ratio
Ethnicity	The rate of unemployment by birth location, local or abroad	Ethnicity employment ratio index
Ethnicity	The annual rate of people reporting discrimination	Rate of people reporting racial discrimination

Disability	The annual rate of people reporting discrimination	Rate of disability discrimination index
Disability	The ratio of persons without disability in the labour force to persons with a disability	Ratio of labour market participation
First Nations	The ratio of the life expectancy of First Nations peoples with the general population	Life Expectancy Index
First Nations	The ratio of the healthy birth weights of First Nations peoples with the general population	Indigenous Babies Healthy Weight Index
First Nations	The ratio of preschool enrolment of First Nations peoples with the general population	Indigenous Children Preschool Enrolment Index
First Nations	The ratio of developmental progress of First Nations peoples to the general population	Indigenous Development Progress Indicator
First Nations	The ratio of year 12 attainment of First Nations peoples to the general population	Indigenous Year 12 Attainment Index
First Nations	The ratio of non-school qualification completions amongst First Nations peoples to the general population	Indigenous Non School Qualification Completion Index
First Nations	The ratio of engagement with education, employment or training of First Nations peoples to the general population	Indigenous Education Employment and Training Index
First Nations	The ratio of participation in employment rate of First Nations peoples to the general population	Indigenous Employment Index
First Nations	The ratio of rate of access to appropriate housing of First Nations peoples to the general population	Indigenous Appropriate Dwelling Index
First Nations	The ratio of rate of imprisonment of members of the general population to First Nations peoples	Indigenous Imprisonment Index
First Nations	The ratio of rate of youth detention of members of the general population to First Nations peoples	Indigenous Youth in Detention Index
First Nations	The ratio of rate of suicide of members of the general population to First Nations peoples	Youth Suicide Rate

Note - The data utilised in this report was procured from a number of sources including the AIHW, ABS, OECD, IMF and World Bank. We acknowledge the critical importance of these data providers.

Access the interactive version of the Australian Inequality Index

To explore the interactive version of the Index visit www.inequalityindex.org.au or scan the QR code. The online tool allows users to adjust trends and examine different aspects of inequality.



The Australian Inequality Index

Australia consistently ranks among the wealthiest nations by a per capita measurement of GDP, but economic inequality exists across various dimensions of our society, most notably in that Indigenous Australians are among the most economically and socially marginalised peoples on earth.

Income inequality has been on the rise over the past few decades, with the top 20% of households now holding nearly half of the country's wealth. There are also significant gaps in wealth and asset ownership, with the wealthiest 20% of households owning more than 60% of total household assets.

Inequality is also evident in access to education and employment opportunities, with disadvantaged groups, including Indigenous Australians and those from lower socioeconomic backgrounds, facing greater barriers to opportunity and success. Gender inequality persists strongly in Australia, with women earning less than men on average and encountering greater barriers to career advancement and leadership roles, notwithstanding progress in political representation over the last quarter century.

Concerns are also growing about intergenerational inequality, with younger Australians facing greater barriers to social mobility than did previous generations. Rising student debt, increased insecurity of employment, wage stagnation and unaffordable housing have genuine implications for social mobility and overall wellbeing among younger generations.

The following analyses offers an overview of the trend in inequality over the last decade within Australia. Each dimension is considered after context-specific discussion that examines the relevant drivers of inequality.

Weighting of indicators and sub-indices

The sub-indices examine key intersecting dimensions that affect social and economic inequality in Australia using a range of indicators.

Each indicator contributes equally to the relevant sub index which in turn contributes equally to the composite Index.

The inaugural Australian Inequality Index is the first to provide an integrated measure of inequality over the decade between 2010 and 2021.

Interpreting the Index charts and values

Consistent with other measures of inequality we present inequality as a value between 0 and 100, with 0 denoting perfect equality. At any value in excess of 0 there is inequality between the considered measures; the higher the value, the greater the level of inequality.

Because all values are in ratio terms the value may be interpreted as the distance from equality; for example, if *wealth inequality* is rated 70, this would indicate that the wealth of the highest income group would need to decrease by 70% for equality to be achieved.

All index values are in the same percentage scale.



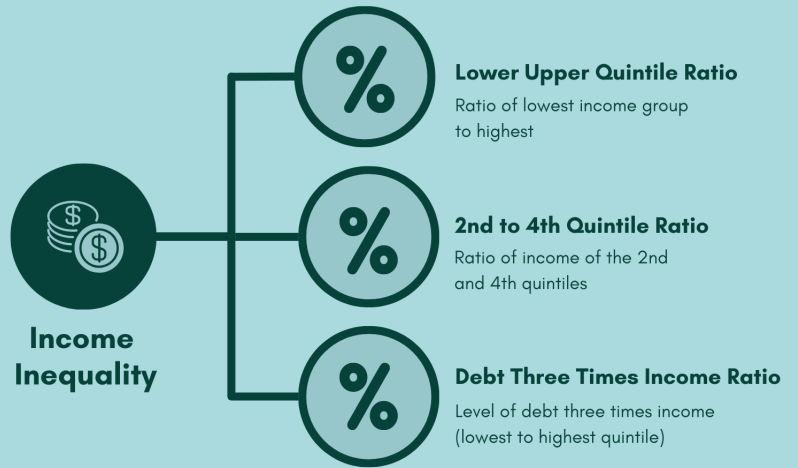
Income Inequality

Income Inequality

Income inequality is the unequal distribution of income within a society, whereby some individuals or groups earn substantially more than others either from wages, passive (investment) income or income support payments from government.

Extreme and persistent income inequality can create entrenched disadvantage, whereby individuals or groups find it difficult to overcome barriers to social mobility and achieve economic security. This limits the wellbeing and living standards of individuals and can also reduce social cohesion and economic growth.

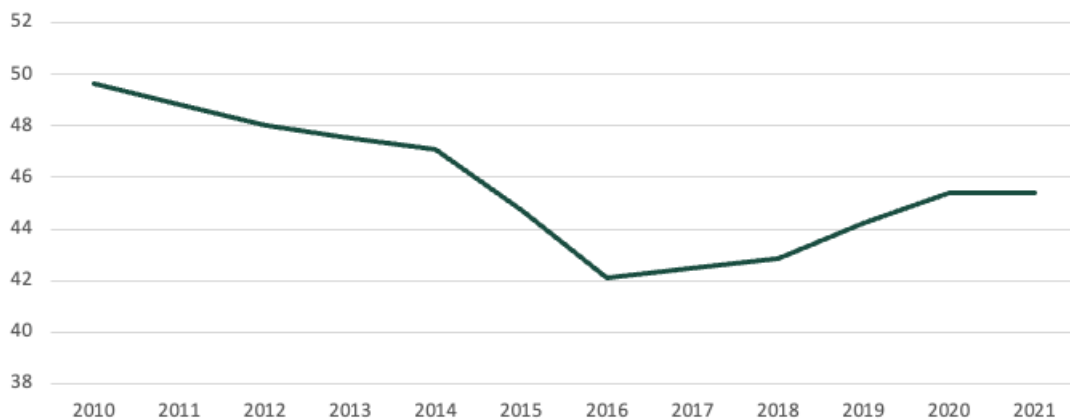
Per Capita examined income inequality between 2010 and 2021, focusing on the ratio of income to debt and income differentials at different quintiles.



While income inequality declined over six years from 2010, it has increased steadily in the years since.

We find that current income inequality is at a similar level to 2014, a significant decline in less than a decade.

Income Inequality in Australia



Time to equality



Income equality is not possible at the post 2016 rate of change. Were current trends to continue, income equality will never be achieved.



Assuming a 1% rate of income inequality change, the term to equality is 45 years.



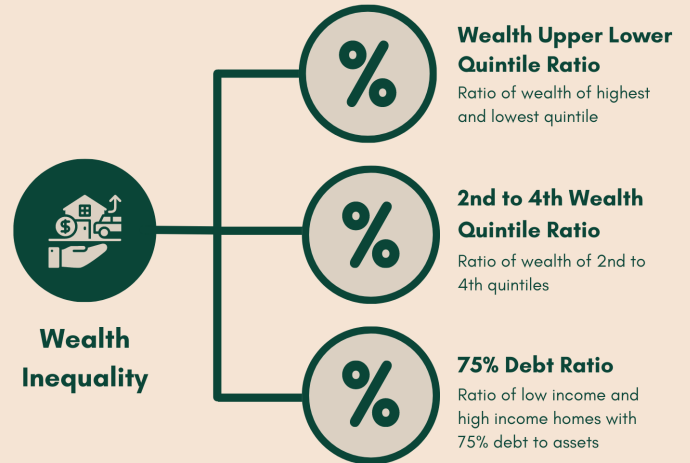
Wealth Inequality

Wealth Inequality

High levels of wealth inequality significantly reduce social mobility.

The unequal distribution of assets such as property, stocks, and savings limits the opportunities available to people from lower socio-economic backgrounds to build financial security and prosperity.

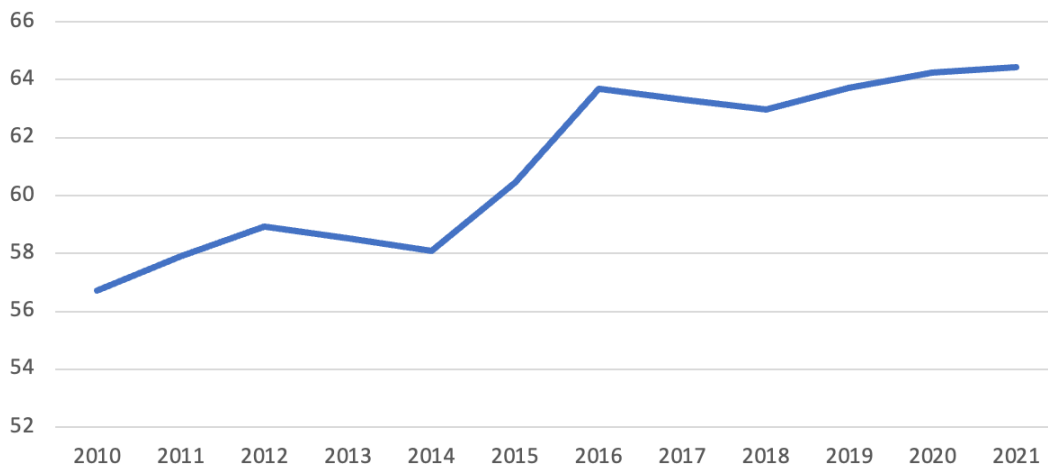
Per Capita examined wealth inequality between 2010 and 2021, focusing on the ratio of wealth to debt and wealth differentials at different quintiles.



We find that wealth inequality has increased steadily since 2010, with a dramatic increase observed between 2014 and 2021.

Current trends suggest that wealth inequality significantly exceeds 2010 levels, suggesting that wealth inequality in Australia has increased in recent years far more than suggested by the alternative measures Gini and Theil.

Wealth Inequality in Australia



Time to equality



Equality is not possible at the current rate. This means that, were current trends to continue, equality would never be achieved.



The time to equality at a 1% per annum rate of catchup (change in the index) is 85 years.



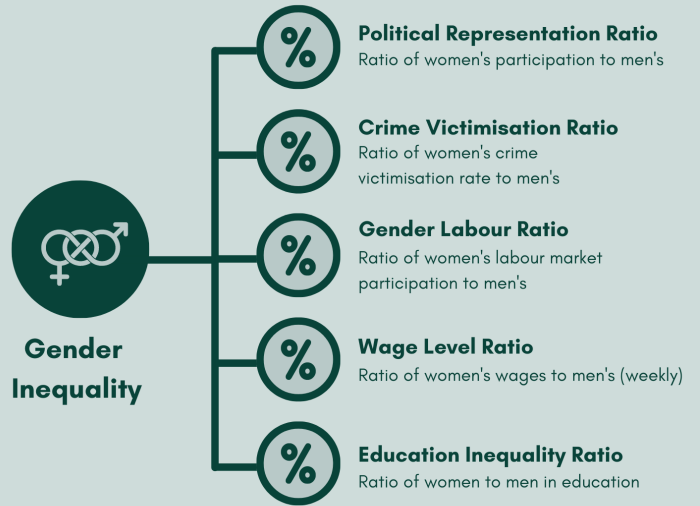
Gender Inequality

Gender Inequality

Gender inequality has a significant impact on social mobility and financial security for women.

Women experience discrimination within institutional structures, and in systems of employment and wage negotiations, making it harder for them to achieve economic independence.

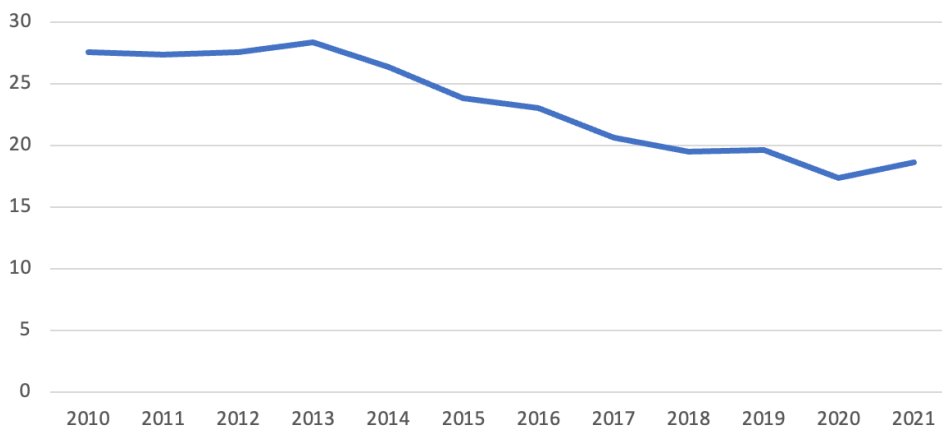
Per Capita examined gender inequality between 2010 and 2021, focusing on employment, earnings, savings, safety and political representation.



While there have been improvements in gender inequality over recent years, this is largely attributable to improved rates of labour market participation and educational outcomes, and a lift in women's political representation.

An improvement in the crime victimisation rate among men since 2010 has reduced gender inequality on this measure, but this is because the rate of physical assault of women now exceeds that of men.

Gender Inequality in Australia



Time to equality



Equality is not possible at the current short term rate (2020-2021)



The time to equality at a 1% per annum rate of catchup (change in the index) is 18.7 years.



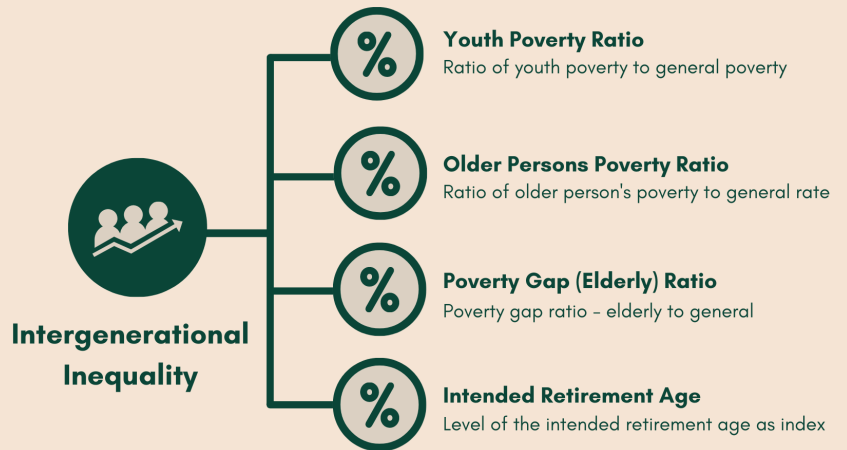
Intergenerational Inequality

Intergenerational Inequality

Intergenerational inequality refers to the unequal distribution of resources, opportunities, and outcomes across generations.

This inequality can arise from a range of factors, including economic, social, and political systems that perpetuate advantage or disadvantage over time.

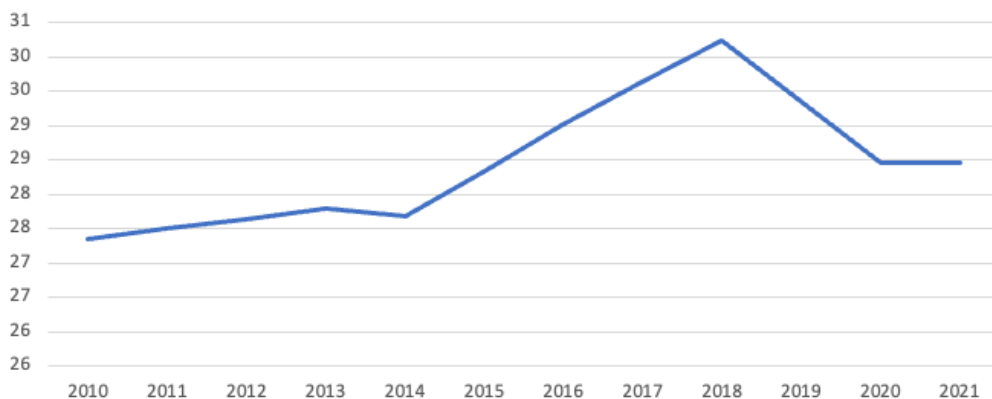
Per Capita examined generational inequality between 2010 and 2021, focusing on rates of poverty among different age cohorts, and intended retirement age.



Intergenerational inequality increased over the decade between 2010 and 2020, peaking in 2018. This has been driven by the size of the poverty gap of the elderly, and the increase in the rate of youth unemployment.

The shift has been uneven, and while the poverty rate of the elderly (not the gap) has improved, many older women face precarious economic circumstances.

Intergenerational Inequality in Australia



Time to equality



Equality is not possible at the current short term rate (2020-2021)



The time to equality at a 1% per annum rate of catchup (change in the index) is 28.5 years.

Ethnicity Inequality



Ethnicity Inequality

Inequality amongst people from culturally, racially and linguistically diverse backgrounds remains strongly evident within Australia, with numerous factors contributing to its persistence.

People from diverse backgrounds often encounter barriers that impede their entry into the workforce and limit their earning power. Language barriers, limited recognition of foreign qualifications, and cultural biases can hinder their chances of securing work commensurate with their skills and qualifications.

Per Capita examined ethnicity inequality between 2010 and 2021, focusing on employment and discrimination.



The trend line in ethnicity inequality is largely informed by reported experiences of racial and cultural discrimination, adjusted for population size.

Discrimination due to race and culture that limits opportunities for people is high in Australia by OECD standards, despite the widely-held belief that Australia is a successful multicultural country.

Ethnicity Inequality in Australia



Time to equality



Equality is not possible at the current short term rate (2018-2021)



The time to equality at a 1% per annum rate of catchup (change in the index) is 45 years.



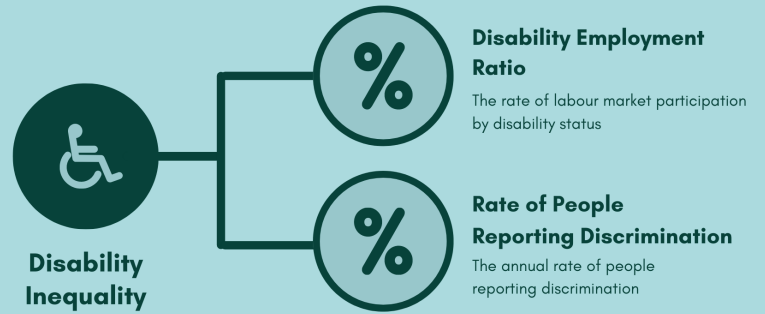
Disability Inequality

Disability Inequality

Barriers to accessing essential services play a significant role in perpetuating inequality between people with disabilities and those without.

Inadequate infrastructure, limited accommodations and insufficient support systems contribute to the exclusion of many people with disabilities from mainstream services. This hampers their ability to fully participate in society and denies them the fundamental resources necessary for their well-being and social inclusion.

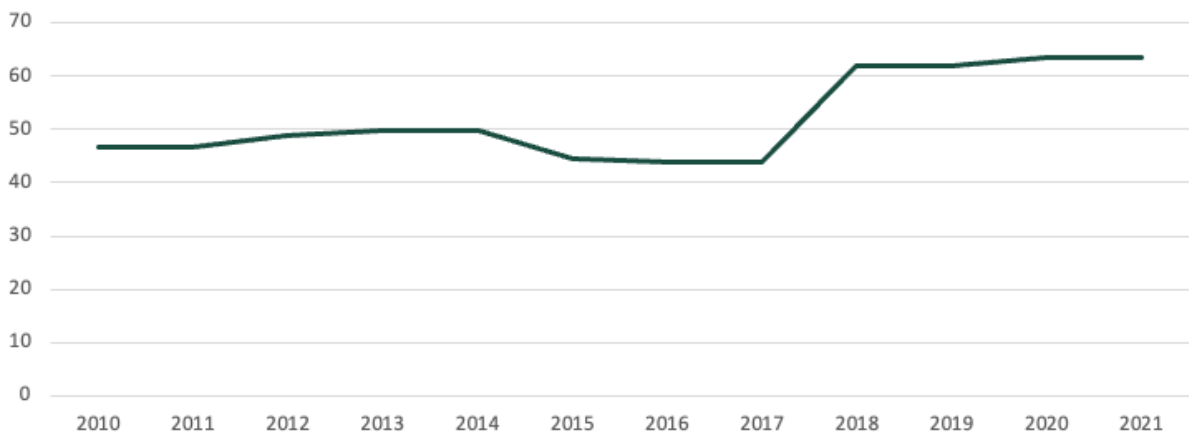
Per Capita examined disability inequality between 2010 and 2021, focusing on labour force participation and rates of reported discrimination.



While the labour market participation of people with disabilities has improved since 2010, incidences of reported discrimination have increased.

Again, discrimination that limits opportunities for people with disabilities is high in Australia by OECD standards.

Disability Inequality in Australia



Time to equality



Equality is not possible at the current short term rate (2018-2021)



The time to equality at a 1% per annum rate of catchup (change in the index) is 63 years.

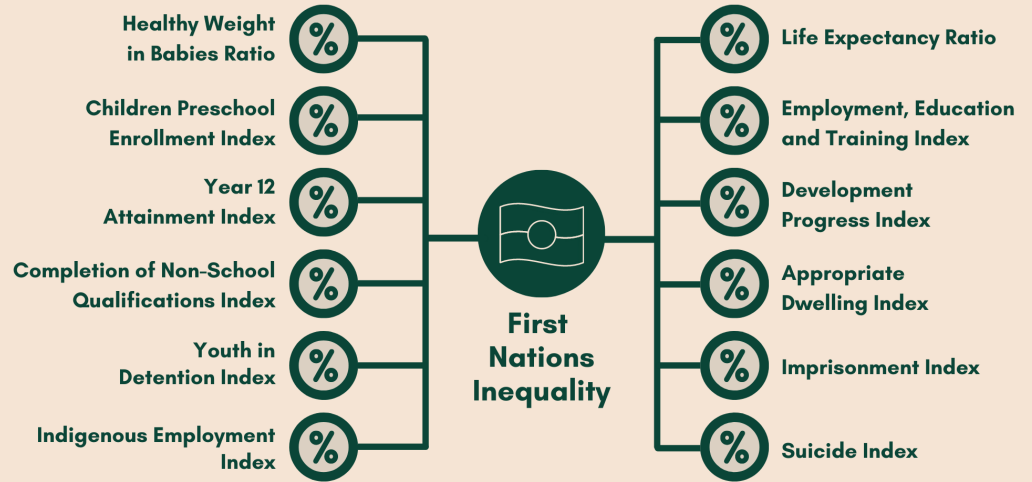


**First
Nations
Inequality**

First Nations Inequality

The stark reality of Aboriginal and Torres Strait Islander people’s inequality persists as a constant reminder of a nation yet to fully address its history.

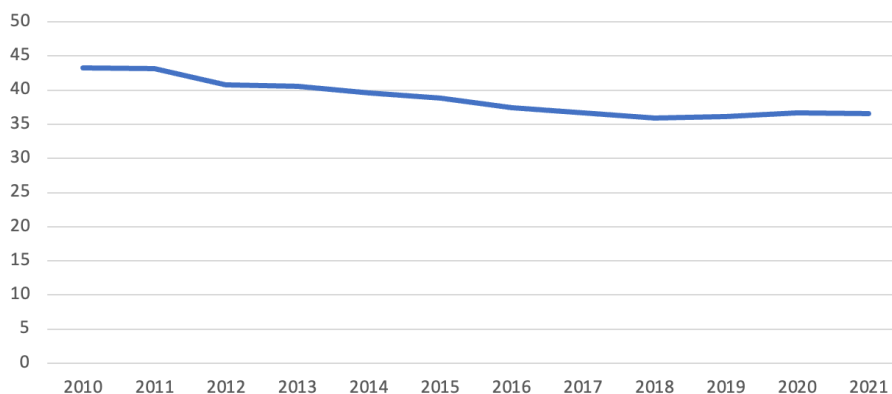
Per Capita examined First Nations inequality between 2010 and 2021, focusing on health and life expectancy, education, employment, housing and rates of incarceration.



While significant progress in the reducing the very high rates of First Nations inequality was achieved in the first few years after 2010, that progress has since stalled.

Key drivers of First Nations inequality include highly worrying increases in the rate of suicide among Aboriginal and Torres Strait Islander people and overincarceration, including significantly higher rates of youth detention.

First Nations Inequality in Australia



Time to equality



The time to equality based on the 10-year trend is 51 years, however due to the significantly uneven rate of change in First Nations inequality indicators and the stagnation post 2015, estimation of the term to equality is implausible.



The time to equality at a 1% per annum rate of catchup (change in the index) is 63 years.



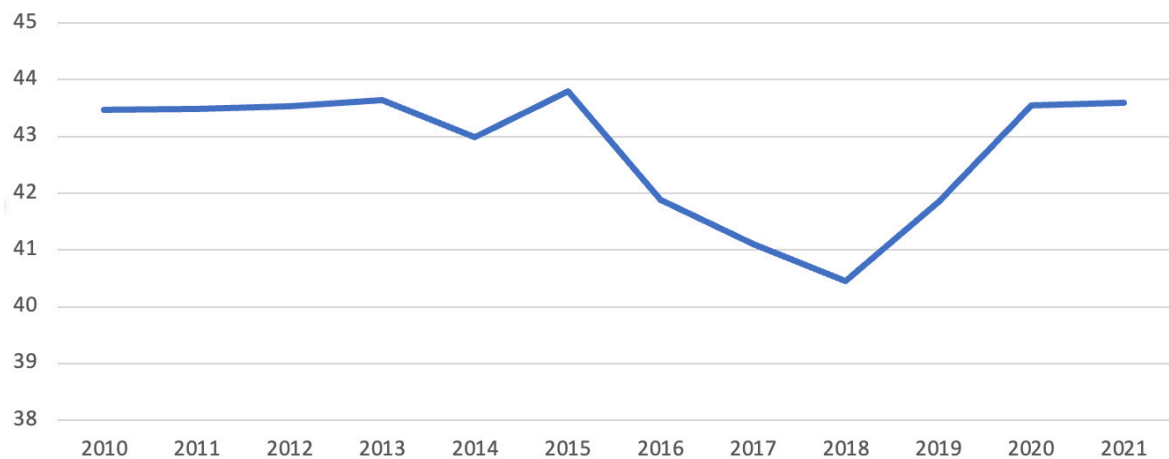
Overall Inequality in Australia

Overall Inequality in Australia

Overall, inequality has increased dramatically in Australia since 2010, driven in particular by a significant rise in income and wealth inequality over the last five years.

While modest improvements in gender inequality, some First Nations inequality indicators and several labour force indicators have been observed over the decade they do not counter the significant decline in the economic inequality measures, and several critical First Nations indicators and Intergenerational Inequality indicators.

Inequality in Australia 2010 - 2021



The data tells the story of a decade in two halves: a trend towards lower overall inequality in the seven years from 2010 then gave way to a dramatic rise in collective inequality which has escalated rapidly since the onset of the COVID-19 pandemic. All the gains of the first seven years of the decade were lost in three years since.

Australia is now far less equal than it was in 2010, with many members of society facing greater financial pressure and social exclusion today than they did a decade ago.

Time to equality



Equality is not possible at the current short term rate (2018-2021)



The time to equality at a 1% per annum rate of catchup (change in the index) is 40 years. Note that the term to equality is significantly greater at sub index levels.

Conclusion



The Australian Inequality Index provides an in-depth examination of multiple dimensions of inequality, including income, wealth, gender, age, disability, race and culture experienced by various populations in Australia. By considering each dimension equally, we are able to provide valuable insights into the different forms of inequality and their individual and collective impact on people and society.

Disparities in income distribution continue to widen, with marginalised people, especially those reliant on income support, facing the greatest economic hardship. Factors such as unequal access to education, discriminatory employment practices and the lack of an adequate welfare system contribute to income inequality, perpetuating cycles of poverty and limiting opportunities for social mobility.

Wealth, or asset ownership, plays an even bigger role than income in shaping socioeconomic inequalities. Historically marginalised groups, including people from racially and culturally diverse backgrounds, First Nations people, people with disabilities and those from working class backgrounds face real and persistent barriers to acquiring and retaining assets such as land, property and stocks. Limited access to capital and discriminatory lending practices also contribute to the perpetuation of wealth inequality in Australia.

Gender inequality persists as a pervasive issue affecting Australian women from all backgrounds. Women experience multiple forms of discrimination, including wage gaps, limited access to leadership positions and gender-based violence. These disparities intersect with other dimensions of inequality, further disadvantaging women and hindering progress towards gender equity in society.

Despite the implementation of the National Disability Insurance Scheme a decade ago, people with disabilities in Australia still too often face barriers in accessing education, healthcare, jobs and public services. Limited accessible infrastructure and inadequate support systems contribute to social exclusion and hinder the full participation of people with disabilities in society.

Racial, cultural and linguistic diversity is a fundamental strength of Australia's multicultural society but people from diverse backgrounds continue to encounter significant discrimination. Language barriers, cultural biases and limited representation still restricts access to essential services and economic opportunities, reducing the well-being of Australians from diverse backgrounds.

Generational inequality is growing, with younger Australians unable to access secure jobs and experiencing stagnant real wages over more than a

decade, at the same time as the price of housing has escalated beyond the reach of all but the most fortunate offspring of the already wealthy.

Most shamefully, Australia's First Nations people continue to suffer exceptional levels of discrimination and disadvantage, with significantly lower life expectancy, higher rates of ill health, suicide and incarceration and limited economic opportunities compared to settler Australians.

Addressing the multifaceted nature of inequality in Australia requires significant investment in targeted solutions informed by evidence. Policies and initiatives must focus on promoting equitable access to education, ensuring fair and inclusive employment practices, addressing systemic biases and discrimination, fostering inclusive environments and appropriate infrastructure for people with disabilities, and embracing and celebrating our racial and cultural diversity.

Critically, significant investment in essential services, including housing, health and welfare, is needed urgently to close the growing gap between Australia's haves and have-nots. This gap is widening along the

lines of age, race and gender, and robbing too many young Australians of hope for their future.

Understanding the dimensions of inequality and how they combine to affect different people in our wealthy nation is essential for beginning the work of reversing the growing trend towards a more unequal Australia.

By examining the intersecting causes of inequality, and combining them into an evolving, open-source Australian Inequality Index, Per Capita intends to inform policy making within emerging wellbeing budget processes and policy development at all levels of Australian government.

We also hope that the Index will be a useful tool for social purpose community organisations in their work to alleviate the impact of social and economic inequality where it occurs across our country.

The Australian Inequality Index is a critical tool to enable us to work together to build a fairer, more equal and sustainable future for ourselves, and for Australians who come after us.



Acknowledgements

The following datasets and resources were employed in the construction of the indicators found within the report. Per Capita would like to acknowledge the efforts of the following organisations in making the data accessible.

ABS Life Tables for Aboriginal and Torres Strait Islander Australians, through the Productivity Commission information Repository (2023)

Joint Council National Agreement on Closing the Gap

Productivity Commission, Closing the Gap Information Repository

ABS, Census of Population and Housing: Income and work data summary, 2021

Comparisons with Australian Systems of National Accounts (ASNA)

ABS, Household Income and Wealth, Australia: Summary of Results, 2019–20

ABS, Education and Work, Australia, 2022

ABS, Gender indicators, 2022

Australian Human Rights Commission, Discrimination Complaints Dataset 2023

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Australian Inequality Index

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