



Australian Government  
Productivity Commission

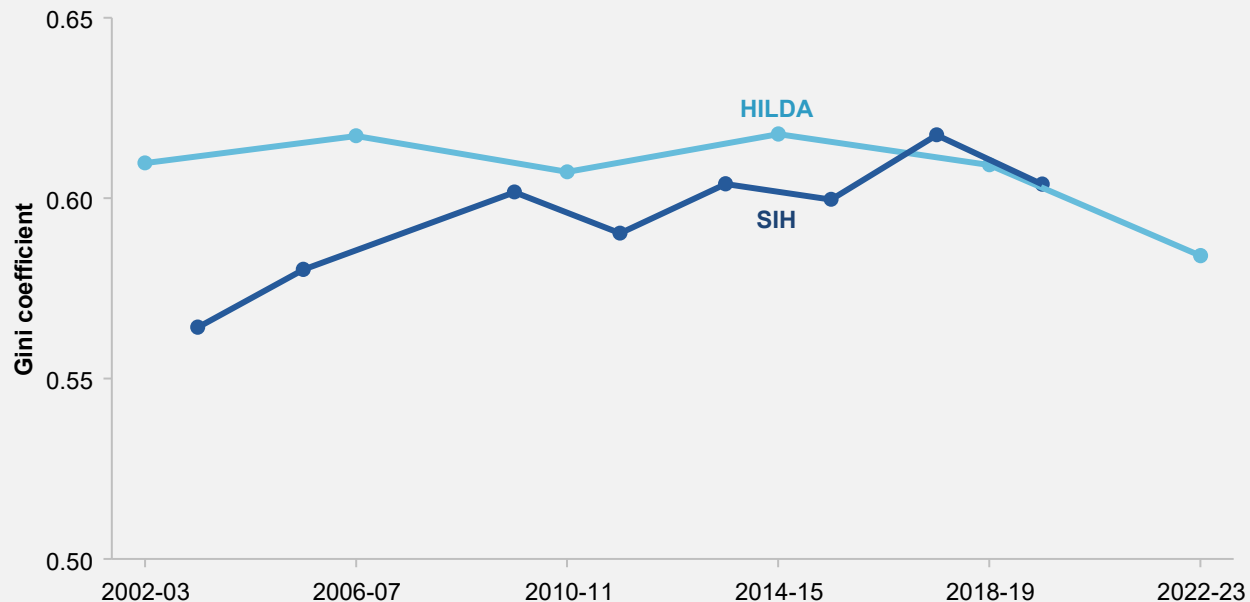
# Longer-term inequality

Australian Conference of Economists, July 2025

Dr Catherine de Fontenay, Commissioner

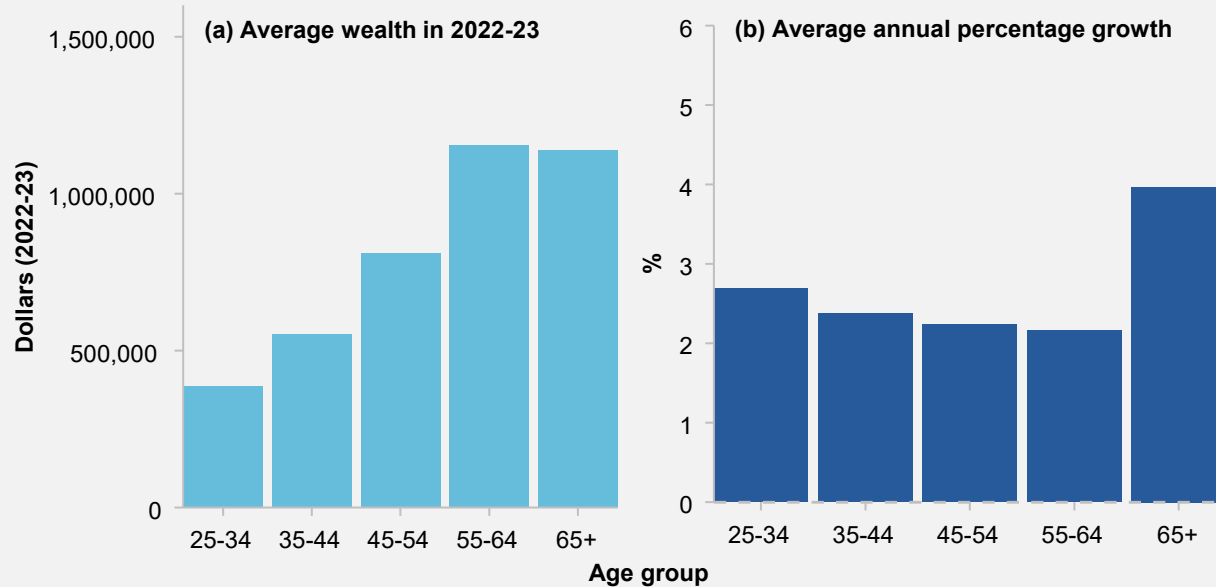
# Wealth inequality fell during COVID-19

Gini coefficient for equivalised household wealth, 2002-03 to 2022-23

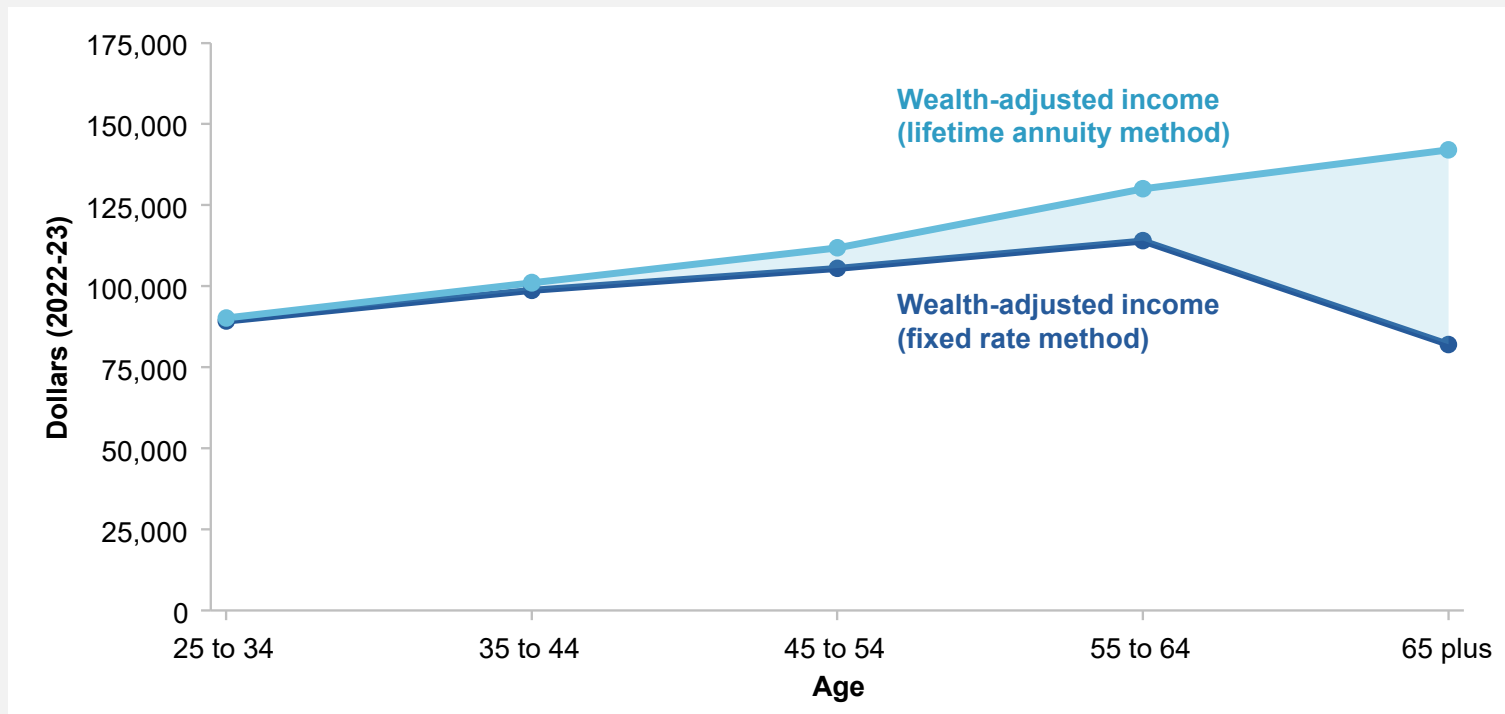


# Intergenerational inequality

Average equivalised household wealth by age group, 2022-23, and average annual % change in wealth, 2002-03 to 2022-23



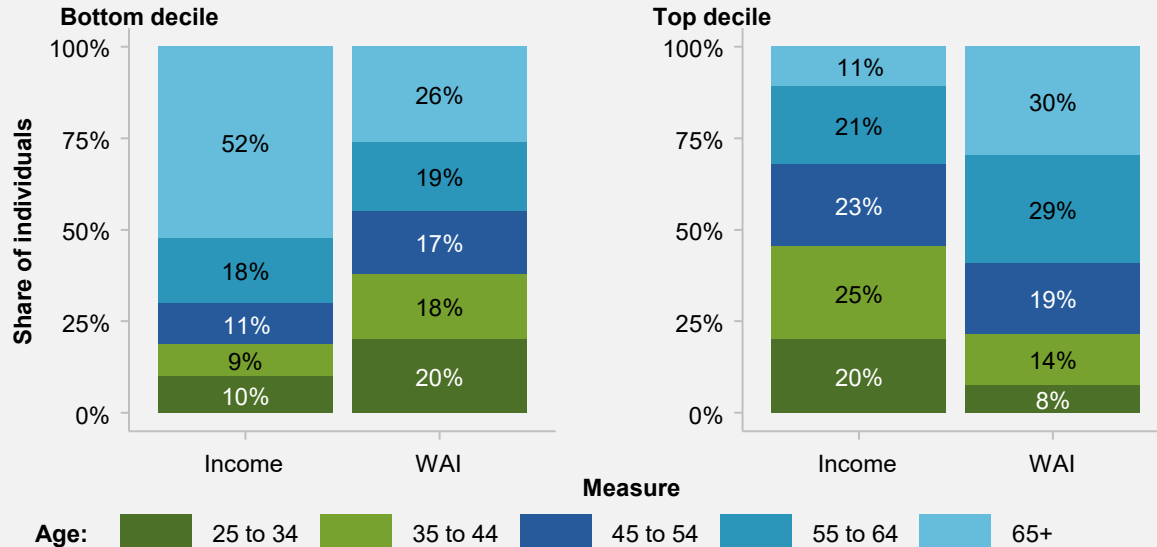
# Mean equivalised household wealth-adjusted income by age group, 2021-22



a. Results are only presented for those between the ages of 25 and 91. b. All measures are at the equivalised household level. c. Yearly disposable income between 2021-2022 and the current value of wealth in 2022-23 are used to calculate wealth-adjusted income. Source: Productivity Commission estimates using Melbourne Institute data (Household, Income and Labour Dynamics in Australia (HILDA) Survey, Release 22).

# Income inequality is misleading

Share of age groups in the bottom and top decile for equivalised disposable income and wealth-adjusted income, 2021-22



# ***Fairly equal? Economic mobility in Australia***

## **PC (2024)**

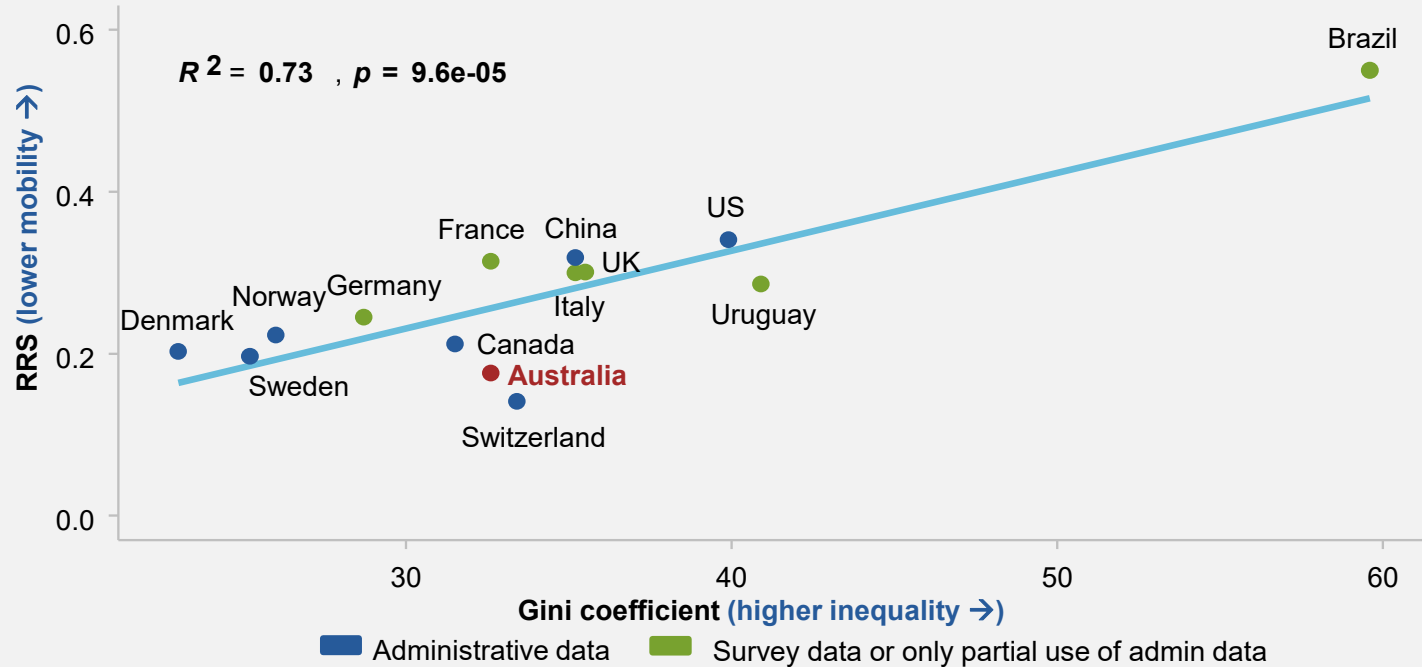


- 1 How economically mobile are we from one generation to the next?
- 2 How mobile are we over our life? Are there 'mobility traps'?
- 3 What about deep disadvantage? Who is in poverty and how difficult is it for them to get out?

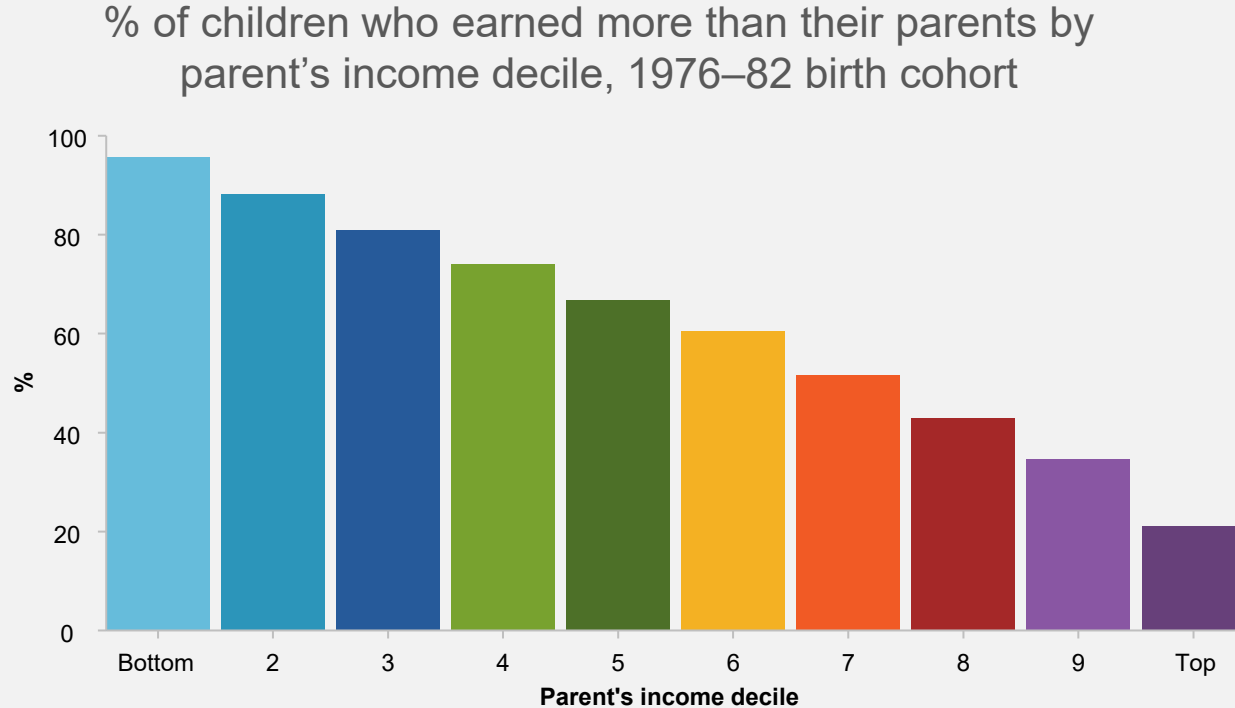
**These are questions about long-term inequality.**

# Why does mobility matter?

Countries with higher income inequality tend to have less intergenerational mobility



# Earnings comparisons suggests high mobility

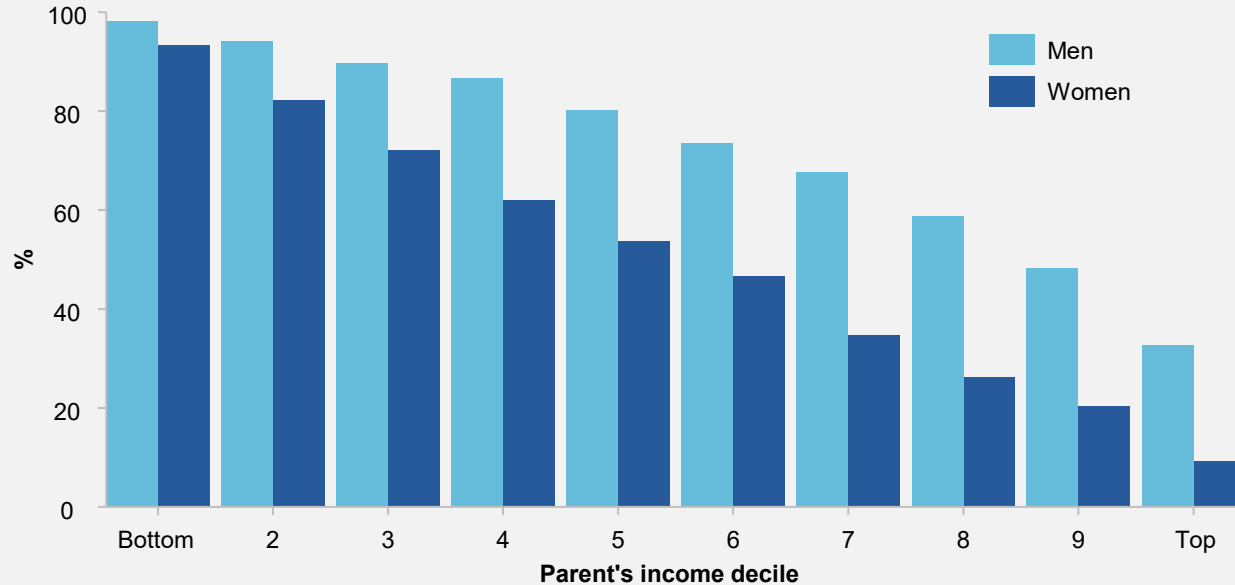


Source: ATO Longitudinal Information Files Family (Alife-Family), as developed by Deutscher and Mazumder (2020)

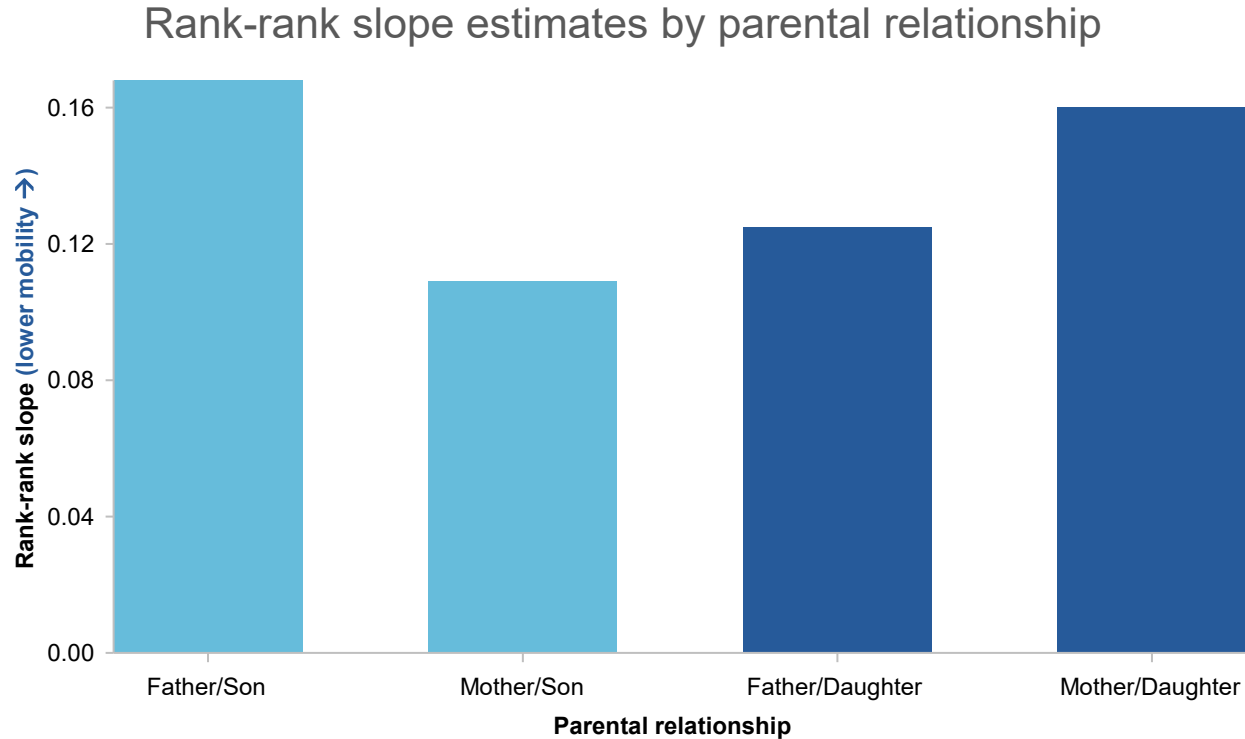


## ... but fewer women earn higher incomes than their parents

% of children who earned more than their parents by parent's income decile and gender of the child, 1976–82 birth cohort

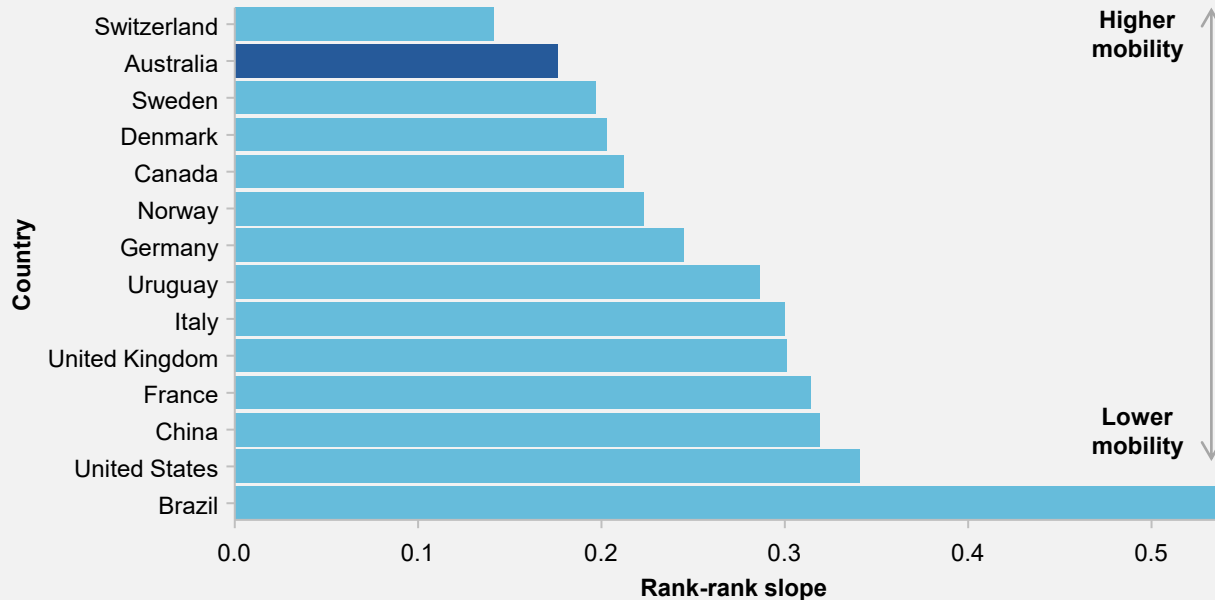


## ... and parents' income rank has a higher impact on children of the same gender



# Australia has relatively high intergenerational mobility

Rank-rank slope for select countries



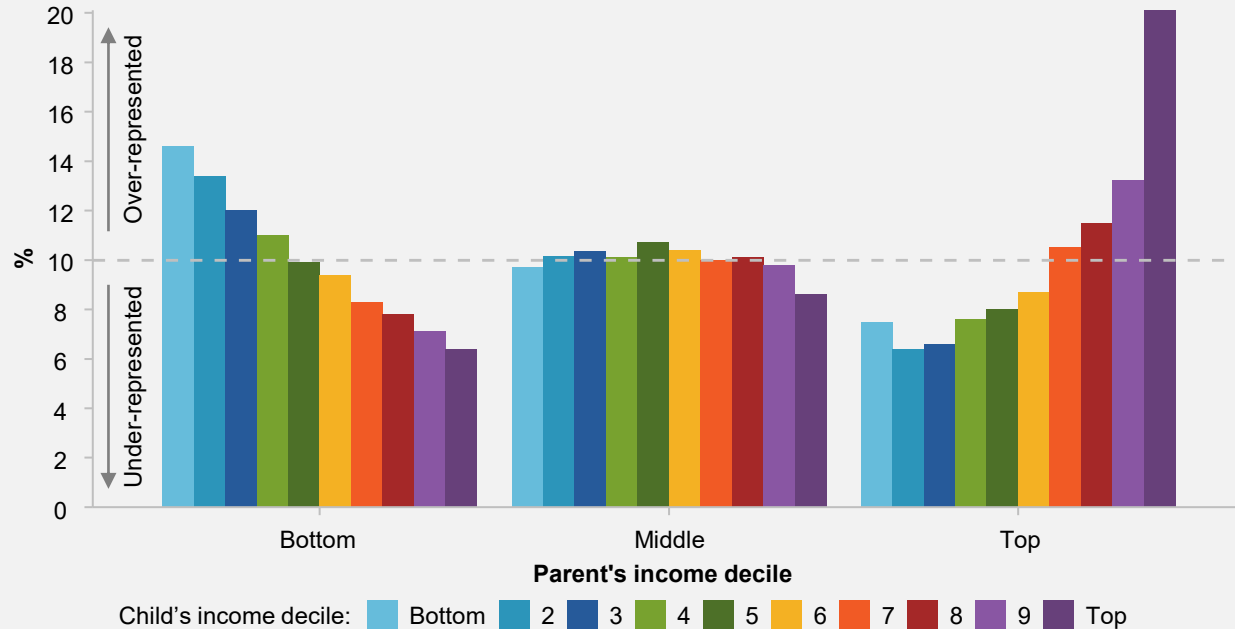
# There is a lot of movement across the distribution between generations

Transition matrix for parent's and child's income deciles, 1976–82 birth cohort

		Child's income decile									
		1	2	3	4	5	6	7	8	9	10
Parent's income decile	1	14.6	13.4	12.0	11.0	9.9	9.4	8.3	7.8	7.1	6.4
	2	12.5	12.5	11.7	11.6	10.3	9.4	9.1	8.5	7.8	6.6
	3	11.2	11.3	11.4	10.8	10.6	9.8	10.0	9.0	8.5	7.3
	4	10.3	11.1	10.8	10.8	10.7	10.5	9.7	9.3	8.7	8.0
	5	10.1	10.4	10.6	10.5	10.7	10.3	10.0	9.9	9.4	8.1
	6	9.3	9.9	10.2	9.7	10.7	10.5	10.0	10.3	10.2	9.1
	7	8.9	9.3	9.3	9.7	10.1	10.7	10.8	10.7	10.9	9.5
	8	8.1	8.3	9.2	9.7	9.5	10.4	10.8	11.0	11.5	11.5
	9	7.5	7.5	8.2	8.6	9.4	10.3	10.7	11.8	12.6	13.5
	10	7.5	6.4	6.6	7.6	8.0	8.7	10.5	11.5	13.2	20.1

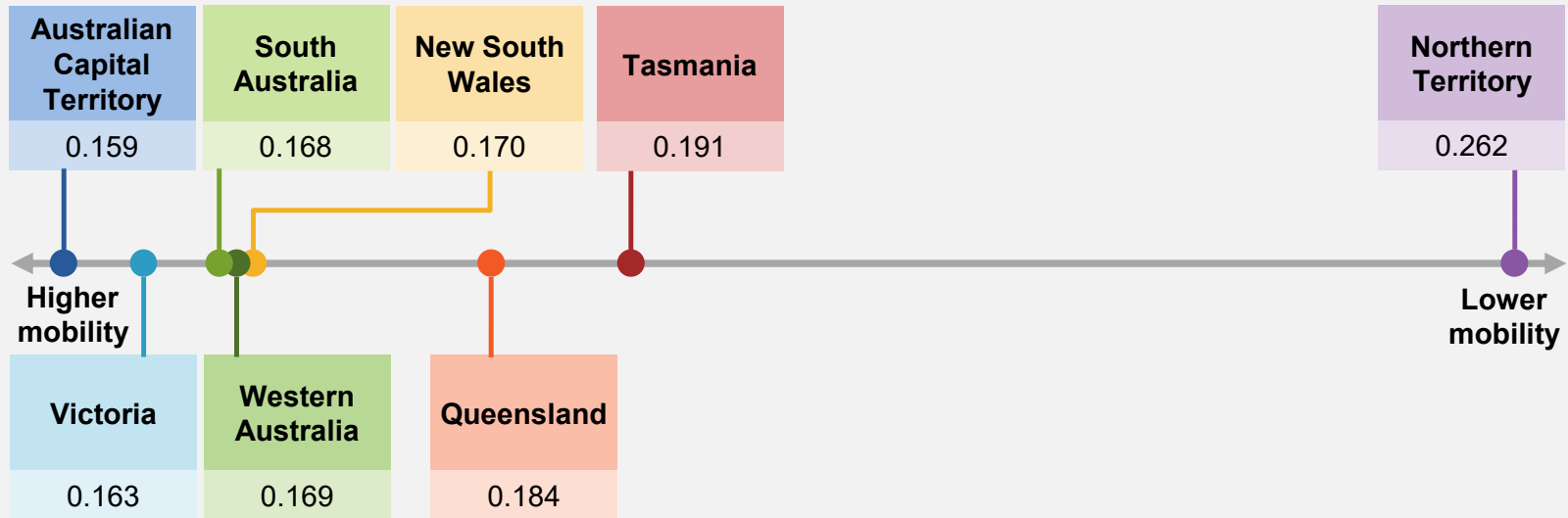
# ... but persistence is higher for parents at the top and bottom

% of children who ended up in each income decile by their parents' income decile, 1976–82 birth cohort



# Intergenerational income mobility varies by state

Rank-rank slope estimates



# PC research on mobility



1

How economically mobile are we from one generation to the next?

2

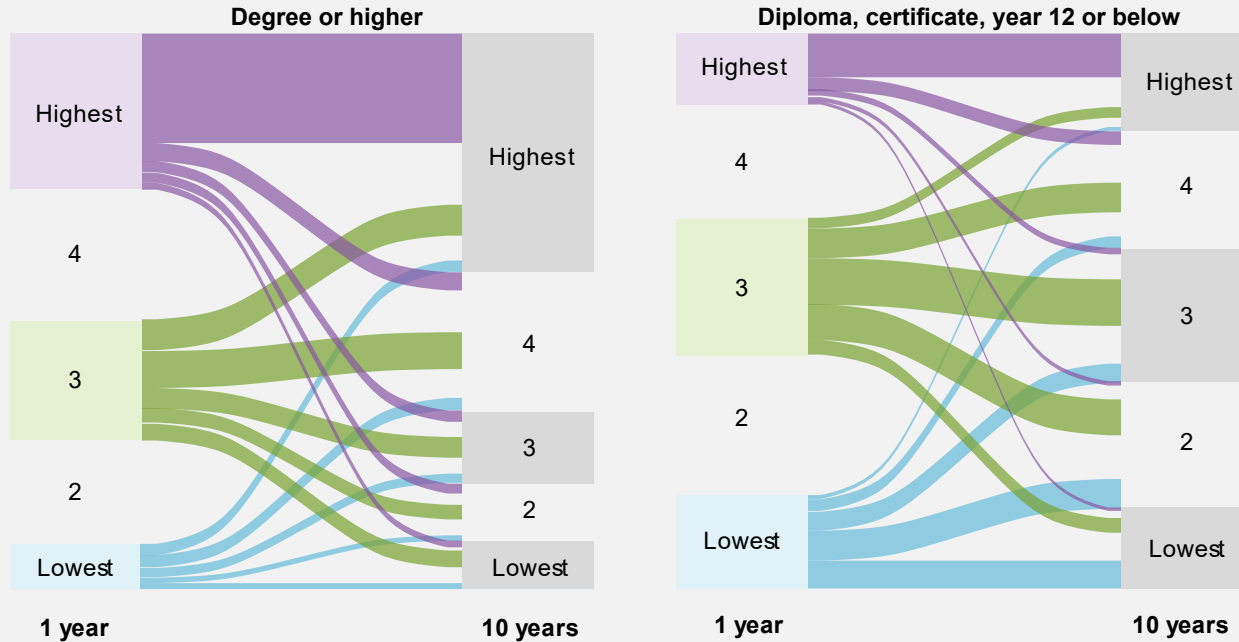
**How mobile are we over our life?**  
**Are there 'mobility traps'?**

3

What about deep disadvantage?  
Who is in poverty and how difficult is it for them to get out?

# People with a degree are more likely to stay at the top

Transition between income quintiles, by level of education





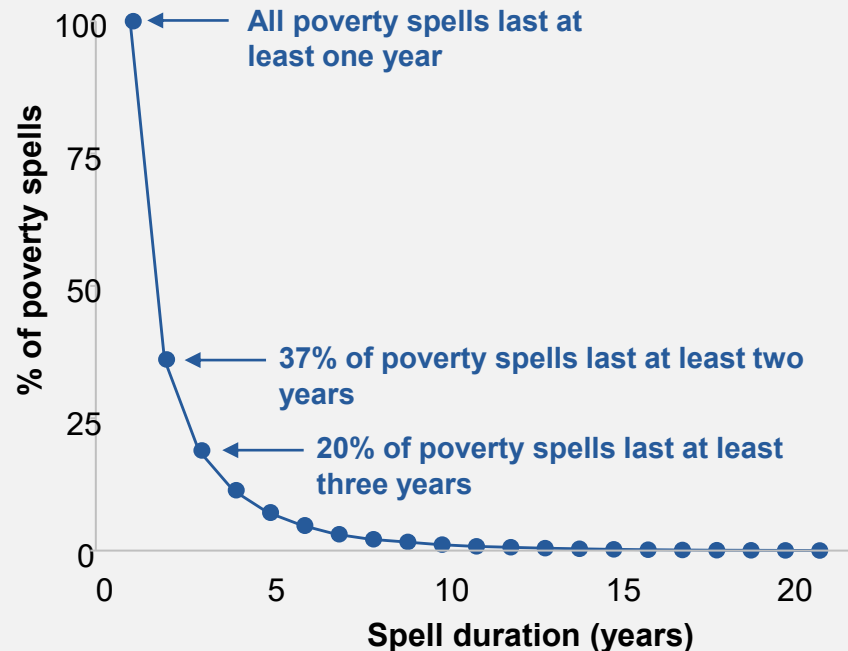
# PC research on mobility



- 1 How economically mobile are we from one generation to the next?
- 2 How mobile are we over our life? Are there 'mobility traps'?
- 3 **What about deep disadvantage? Who is in poverty and how difficult is it for them to get out?**

# Most poverty spells are relatively short, but it can be hard to exit

Percent of poverty by spell duration

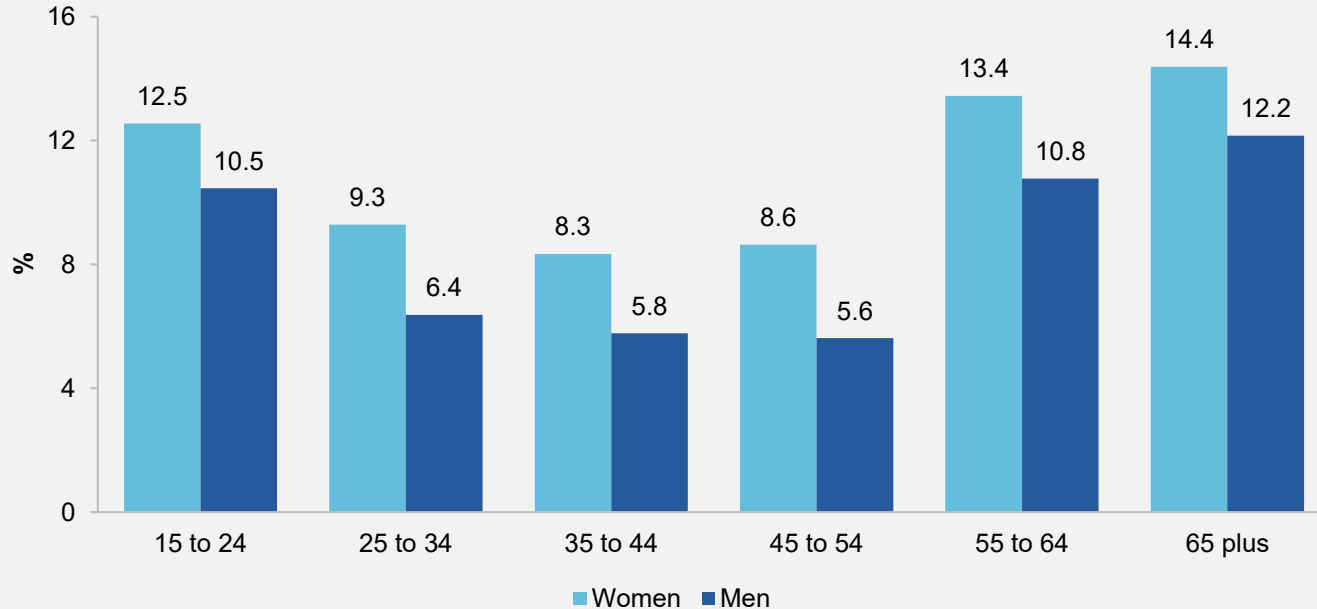


Demographics influence how hard it is to exit poverty, and how likely you are to re-enter.

- **People under the age of 45** are more likely to exit poverty than those over the age of 45 and this increases over time.
- **Homeowners** experiencing poverty are 1.3 times more likely to exit a poverty spell than people who rent.
- **People with lower levels of education** (year 11 or below) are around 10% less likely to exit a spell of poverty than people who have completed year 12.
- **People with long-term health conditions** are more likely to remain in poverty for longer periods of time.
- **People who live in disadvantaged neighbourhoods** are also less likely to exit poverty, even after other characteristics are considered.

# Poverty is more persistent for women than men

Percent of people experiencing three or more years in poverty between 2018 and 2022



# Intergenerational persistence is high

- People whose family experienced poverty when they were 15-17 are 30% more likely to experience poverty as young adults
- Even higher rates of persistence found for
  - multiple spells of poverty (Vera-Toscano and Wilkins 2020)
  - receiving unemployment payments or carer support payments (Cobb-Clark et al. 2022).



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