

# Economic resources overview



The living standards of individuals and families are largely determined by the economic resources available to their households. For many households, their income and wealth provide access to many of the goods and services consumed in daily life, which in turn contribute to their wellbeing. For others, such as the elderly, these goods and services are provided at subsidised rates or free of charge.

Generally Australians are among the wealthiest people in the world.<sup>1</sup> Furthermore, from the early 1990s through to 2006, both household income and wealth in Australia grew substantially.<sup>2</sup> All income groups, including those with lower incomes, experienced some rise in real income (that is, after adjusting for inflation).<sup>3</sup> Consistent with this, the 1996 and 2006 Censuses recorded that the median household income of individuals (measured by equivalised gross household income) increased in real terms<sup>4</sup> from \$979 per week in 1996 to \$1185 per week in 2006.

People's income and wealth vary across different groups in the population and in different parts of Australia. Census data show individuals and households with higher and lower gross incomes, and provide some information on the primary form of household wealth: the family home. When used in conjunction with other individual and

household characteristics, this information assists in understanding some of the circumstances associated with different levels of income and wealth available to Australians, and in identifying those people experiencing higher and lower levels of economic resources.

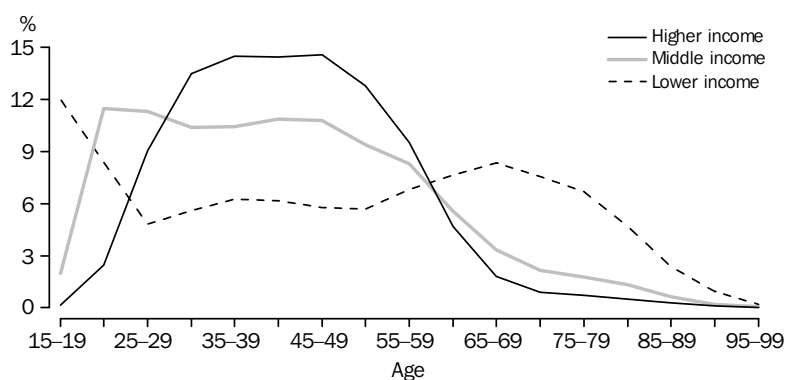
## Personal Income

The combined *personal incomes* of household members determine *household income* (see income definitions in box on next page). Therefore, the characteristics of people with lower and higher levels of *personal income* can provide insights into some of the differences that occur in *household incomes* and, as a result, the overall living standards of much of the population.

### Income by age—up then down

*Personal incomes* vary considerably across age groups (see Personal income groups graph below). In 2006, the number of people with *higher incomes* increased with age, with the highest levels during the prime working years (aged 30–54 years), and thereafter decreasing. The age profile of people with more moderate incomes (those in the *middle income* group) was generally similar to those with *higher incomes*. The main difference between the two groups was a much larger number of younger

### Personal income groups(a): five-year age groups



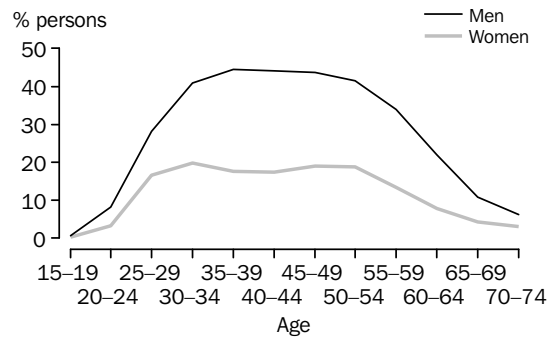
(a) See box on p. 176 for definition of personal income groups.

people (aged between 20–29) in the *middle income* group. In contrast, the ages of people with *lower incomes* had a very different pattern, with those in the youngest and the older age groups the most numerous.

When considered together, these three groups reflect a general pattern of *personal income* varying with age. When people are younger they generally have lower levels of skills and experience which limits the amount of income they can earn through employment. As people complete qualifications to various levels, enter the workforce, establish careers and gain experience, their capacity to earn income increases. Over their working lives, people also generally build up assets (such as their home, superannuation and other investments), and any earnings from these assets can add to *personal income*.

While women also follow this general pattern, they have generally lower levels of *personal income* at all ages compared with men. Lower levels of *personal income* for women are associated with lower levels of participation in the labour force, higher rates of part-time employment and interruptions to career development<sup>5</sup>; all of which are associated with the prominent role women in Australia continue to take in raising children (for more information see the ‘Work overview’, p. 138–150). While many of these women receive government payments to assist with the cost of

Higher gross personal income(a): men and women



(a) Weekly gross personal income of \$1000 or more.

raising children, such as family tax benefits, their *personal incomes* remain low relative to men. Moreover, these differences in patterns of employment and *personal incomes* are also associated with lower levels of *personal income* for women in retirement, particularly as a result of lower superannuation savings<sup>6</sup>.

When people enter retirement, from around age 55 and onwards, their *personal incomes* mostly come from age pensions, superannuation and other investments, and are generally lower than the *personal incomes* of people in the prime working ages. To maintain their standard of living, some people draw on the financial assets built up during

Measures of income and income groups

In this overview, and throughout this report, the term *personal income* refers to gross personal income. This is an individual’s income from all sources before tax and other deductions are removed. The measure used for *household income* is equivalised gross household income, where equivalising allows comparisons of the relative standard of living of households of different size and composition (see Glossary for detailed definitions of these terms).

*Personal incomes* have been examined using three groups: *lower, middle and higher income*. These three income groups have been formed by grouping together all of the 2006 Census *personal income* ranges; except nil and negative incomes (see box on p. 178), which are examined separately. The range of weekly *personal incomes* for the *lower income* group were from \$1–\$399 (accounting for 37% of the population aged 15 or more), the *middle income* group had incomes from \$400–\$999 (35%), and the *higher income* group had incomes of \$1,000 or more (20%).

When examining *household income* each person in the household is allocated the (equivalised) *household income* of their household. To assist in examining the characteristics of people with different levels of *household income* a cross section of people have been allocated to three groups: *lower, middle and higher household income*. Each group includes approximately 20% of the population for which *household income* data were available. People in the *lower household income* group are those with *household incomes* in the second and third deciles (10% of the population each) of the *household income* distribution. The *middle household income* group comprises those in the fifth and sixth deciles, and the *higher household income* group, those in the ninth and tenth deciles (see Glossary for more detail). These three groups cover approximately 60% of all Australians, from across the *household income* spectrum.

their working lives. Moreover, many people in this age group receive pensioner discounts and other subsidies when purchasing goods and services, which can supplement lower incomes.

### Young people's incomes

Young people are generally more likely to have *lower incomes* because they have lower levels of qualifications, skills and experience. In 2006, 55% of those aged 15–29 had *lower incomes*, or nil or negative *personal incomes*. That said, 59% of 15–29 year olds in these two groups lived with their parents and were likely to have received financial support from their family.

Many young people study to gain qualifications: 47% of those aged 15–29 in 2006 were studying. For many young students, time spent studying limits the amount of time available for employment, which also limits their *personal incomes*. In 2006, 666,900 people aged from 15 to 29 were school students (21% of this age group). Most of these school students were dependants in families and the majority (98%) had *lower incomes* or no income at all.

Another 850,400 students (26% of those aged 15–29) were attending other educational institutions, such as universities or TAFEs, in 2006. Close to 58% of these students had *lower incomes*, compared with 36% for all employed people in this age group. Moreover, those studying full-time were more likely to have *lower incomes* than those who were part-time (67% and 38% respectively). While many of these students were also employed (64%), the main difference this made to the *personal income* profile of this group was to reduce the

### Income sources

While gross personal income includes income from a variety of sources, data from the 2005–06 Survey of Income and Housing (SIH) show that 92% of the gross income of employed people came from wages and salaries, or from unincorporated businesses. Therefore, for employed people, personal income provides a strong general indication of income from employment.

proportion who had nil or negative *personal incomes*: 1% of employed students compared with 16% of all students. For more information on balancing work and study see 'Adult education across the generations', p. 123–127.

### Employment and income

*Personal income* is closely linked to a person's labour force status—that is, whether a person is employed, unemployed or not in the labour force. Reflecting the importance of employment to *personal income*, 59% of unemployed people and 64% of people not in the labour force had *lower incomes* in 2006. In contrast, 21% of employed people had *lower incomes*, mostly due to people working part-time. Further, people who were unemployed or not in the labour force were also more likely to report a nil or negative *personal income* (26% and 18% respectively), compared with employed people (1%).

### Students (non-school) aged 15–29: gross personal income (weekly)

	Higher income	Middle income	Lower income	Nil or negative income	Total	
	(\$1,000 or more)	(\$400–\$999)	(\$1–\$399)		%	'000
<i>Employed students</i>	6.6	30.2	62.1	1.1	100.0	(a)541.8
Full-time student	1.0	14.8	82.8	1.4	100.0	307.8
Part-time student	14.0	51.0	34.4	0.6	100.0	229.7
<i>Total students</i>	4.5	21.5	57.8	16.3	100.0	(a)850.4
Full-time student	0.8	10.2	67.4	21.6	100.0	572.0
Part-time student	12.1	44.9	37.9	5.1	100.0	271.3

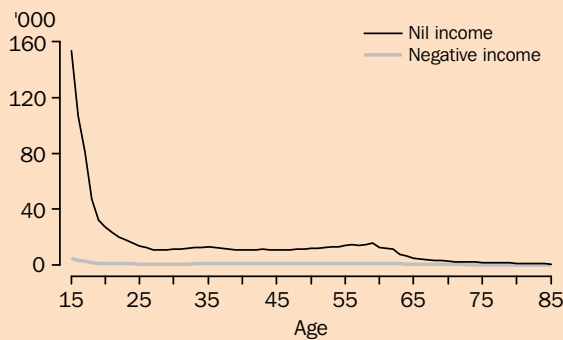
(a) Full/part-time status not stated included in total.

## People with nil or negative incomes

Both individuals and households can have nil or negative gross incomes. For gross personal income, **nil income** occurs when the person receives no form of income from any source, or when a person's business activities and/or rental property investments run at a loss which completely offset all other sources of income. **Negative income** occurs when a person's business activity and/or rental property losses more than offset all other sources of income. The amount of negative income is not obtained in the census. For households, these incomes can occur when the *personal income* of each resident in the household is added together and a nil or negative value results.

Australian Bureau of Statistics (ABS) studies of more detailed survey data have shown that many people with equivalised household incomes that are very low or nil and negative have access to resources, such as savings, that allow them to have expenditure levels more consistent with people on moderate incomes.<sup>3</sup> As these incomes do not provide an adequate indication of people's living standards, they are often excluded from analysis or considered separately.

### Nil and negative gross personal incomes



In the 2006 Census, 1.1 million people reported nil *personal incomes*, and 77,800 people reported negative *personal incomes*—7.3% and 0.5% respectively of the total adult population (that is, those aged 15 and over). A range of circumstances are commonly associated with these people. Young people (aged 15–29) represented a little over half of all people with nil incomes and close to one third of those with negative incomes in 2006. Most of these young people were students aged 15–18 years: 61% and 47% respectively of younger people had nil and negative *personal incomes*. Many of these students were attending school. The relatively high proportion of nil and negative income among young people may also result from some of these young people not allowing for government benefit payments in their incomes or mistakenly associating the accumulation of debt with having a negative income.

Compared with the total adult population, nil and negative *personal incomes* were also more common among unemployed people (24.8% and 1.3% of all unemployed people, respectively), as well as those not in the labour force (17.4% and 0.9% of those not in the labour force, respectively). Among those who were employed, nil and negative *personal incomes* are most prevalent among those people working as contributing family workers (15.2% and 5.8% of these workers, respectively). Negative *personal incomes* were also more common among business owners than employed people generally; particularly those employing a small number (1–19 people) or no employees (about 1% each).

## Labour force status and employment characteristics: gross personal income (weekly)

	Higher income (\$1,000 or more)	Middle income (\$400– \$999)	Lower income (\$1– \$399)	Nil & negative income	Total		Proportion of total
	%	%	%	%	%	'000	%
Employed	30.1	48.3	20.5	1.0	100.0	9 104.2	61.2
Unemployed	2.8	12.0	59.1	26.1	100.0	503.8	3.4
Not in the labour force	2.9	14.6	64.2	18.3	100.0	5 271.1	35.4
<b>Total adult population (15 and over)</b>	<b>19.8</b>	<b>35.5</b>	<b>36.9</b>	<b>7.8</b>	<b>100.0</b>	<b>(a)15 918.1</b>	<b>100.0</b>
Employed, worked full-time	40.2	52.6	6.4	0.8	100.0	5 827.4	68.5
Employed, worked part-time	9.0	40.0	49.8	1.2	100.0	2 685.2	31.5
<i>Employment type</i>							
Employee	31.1	48.8	19.5	0.6	100.0	7 988.9	88.6
Business owners(b)	25.4	48.1	24.7	1.8	100.0	(c)873.4	9.7
Own account worker	21.2	48.6	28.4	1.7	100.0	601.0	6.8
Employer (1–19 employees)	33.9	48.2	15.9	2.0	100.0	237.7	2.7
Employer (20 or more employees)	79.0	15.1	4.8	1.2	100.0	11.3	0.1
Contributing family worker	9.8	26.7	42.4	21.0	100.0	155.1	1.7
<b>Total employed(d)</b>	<b>30.1</b>	<b>48.3</b>	<b>20.5</b>	<b>1.0</b>	<b>100.0</b>	<b>9 104.2</b>	<b>100.0</b>

(a) Includes 1,038,973 adults where labour force status was not stated.

(b) Owner managers of unincorporated enterprises. Owner managers of incorporated enterprises are included as employees.

(c) Includes 23,430 people where number of employees was not stated.

(d) For full-time and part-time employed, total employed includes 591,554 employed but away from work. For employment type, total employed includes 86,717 employed people where employment type was not stated.

In 2006, *lower income* unemployed people were slightly more likely to be men (53%). In addition, a little over 40% of this group were young men aged 15–29. Reflecting the importance of qualifications in obtaining employment, *lower income* unemployed people generally had low levels of qualifications. In 2006, just under half (48%) all *lower income* unemployed people had Year 11 or lower as their highest qualification, or had no qualification at all, compared with a little over one quarter (27%) of all employed people. Young unemployed people in this group had similarly low levels of qualifications to the older members of this group.

People who had lower incomes and were not in the labour force had different characteristics to those who were unemployed. In 2006, close to two thirds were women, and nearly half, 48%, were older pensioners and self-funded retirees, aged 65 and over. Higher proportions of older people in this group contributes to the higher proportion of women, as there are

larger proportions of women in older age groups (a result of their higher life expectancy). In addition, younger women who were not working while caring for and raising children also contributed to the higher proportion of women in this group.

### Workers' incomes

Employed people had a very different *personal income* profile to people who were unemployed or not in the labour force, with incomes more evenly spread over the *higher, middle and lower income groups*. In 2006, almost half (48%) of employed people were in the *middle income group*, and a further 30% had *higher incomes*.

Whether a person was employed full-time (worked 35 hours or more in the week before the census) or part-time also had an effect on their *personal income*. At the 2006 Census, 40% of people who worked full-time had *higher incomes* compared with 9% of part-

time workers. Conversely, part-time workers were more likely than full-time workers to have *lower incomes* (50% and 6% respectively). This reflects the importance of wages and salaries in *personal income* and that, because they work fewer hours, part-time workers earn less.

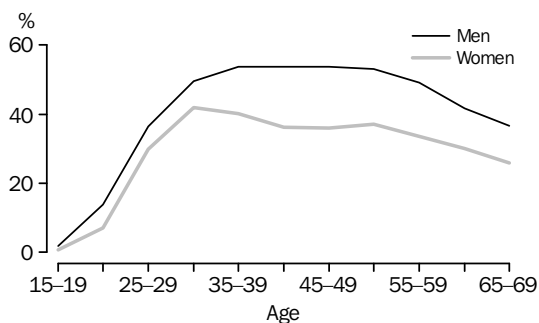
...men and women

Reflecting the greater likelihood for women to work part-time (47% of employed women and 18% of men), in 2006 employed women were twice as likely as men to have *lower incomes* (28% and 14% respectively) and less likely to have *higher incomes* (20% and 39%). That said, when only full-time employees were considered differences in *personal income* were still evident. In 2006, 45% of full-time employed men had *higher incomes* while for women this proportion was 32%.

As part-time employment has a significant effect on *personal income* levels, much of the remainder of the analysis in this overview only includes full-time employed people. This provides a clearer indication of how the characteristics of an individual and the nature of their employment can influence their *personal income*.

The graph below, showing the proportion of full-time employed people with *higher incomes* according to their age and sex, reflects the general pattern of *personal income* for employed people; as a person gets older their skills and experience generally increase, which results in an increase in their *personal income*. In 2006, the proportion of employed people with *higher incomes* increased with each age group between 15–19 years (about 1%) and 30–34 years (about 45%).

Full-time employed people with higher gross personal incomes(a)



(a) Weekly gross personal income of \$1000 or more.

In 2006, 45% of full-time employed men had *higher incomes* while for women this proportion was 32%.

For men, this proportion stabilised at about 53% from the age group 35–39 years through to 50–54 years. In contrast, after 30–34 years, the proportion of women working full-time with *higher incomes* declined, reaching 36% in the 40–49 year age group, then increasing slightly to 37% for those aged 50–54 years. This is consistent with women leaving full-time employment to raise children. For both men and women, the proportion of full-time employed people in each age group after 50–54 years declined through to age 65–69 years: after this age most Australians are no longer working.

A decline in the proportion of older workers with *higher incomes* is somewhat contrary to the general pattern of employed people having *higher incomes* as age increases. However, this decline reflects the early retirement, or movement to part-time employment, of many people who would have had *higher incomes* during most of their working lives. This left a greater proportion of full-time workers in these age groups with *middle and lower incomes*.

...employees and business owners

In 2006, most employed people were employees (89%); as a result, their *personal income* profile (that is, the proportions with *higher, middle and lower incomes*) was approximately the same as that of all employed people (see table on previous page). This was in contrast to employed people who were business owners (that is, owner managers of unincorporated enterprises), representing 9.7% of all employed people in 2006. Generally, these business owners were less likely to have *higher incomes* and more likely to have *lower incomes* than employees (25% had *higher incomes* and 25% had *lower incomes*).

Own account workers (that is, business owners who were the sole worker) were the biggest group of business owners, comprising 6.8% of employed people in 2006. This group had a

*personal income* profile that was generally lower than for all employed people, with a lower proportion of those with *higher incomes* (21%) and a higher proportion with *lower incomes* (28%).

The *personal income* profile of small business owners (1–19 employees)—representing 2.7% of all employed people—was slightly higher than that of all employees. The very small proportion of employees who were medium to large business owners (with 20 or more employees)—0.1% of employed people—were considerably more likely to have *higher incomes* (79%).

Contributing family workers accounted for 1.7% of employed people in 2006. Of all employed people, they were the group most likely to have *lower incomes* (42%), or to report negative or nil *personal income* (21%).

### Income and qualifications

*Personal income* is closely associated with an individual’s highest level of educational attainment. For example, at the 2006 Census, full-time workers with lower level qualifications were less likely to have *higher incomes* and were more likely to have *middle* and *lower incomes* compared to those with higher qualifications.

In 2006, full-time workers whose highest qualification was at the Diploma level or above (which includes those with university degrees) were more likely than all full-time workers to have *higher incomes* (63% compared with 40%). While full-time workers with a Certificate

III or IV level (37%) were slightly less likely to have *higher incomes* than all full-time workers, they were more likely to have *higher incomes* than those people with a secondary school education only (28% of those who completed Year 12).

Men were more likely than women to have *higher incomes* regardless of their qualification level. In 2006, one of the largest differences in the proportions of men and women with *higher incomes* was in full-time workers whose highest education attainment was Certificate III or IV level. In 2006, 41% of full-time men with this qualification had *higher incomes*, compared with 14% of women.

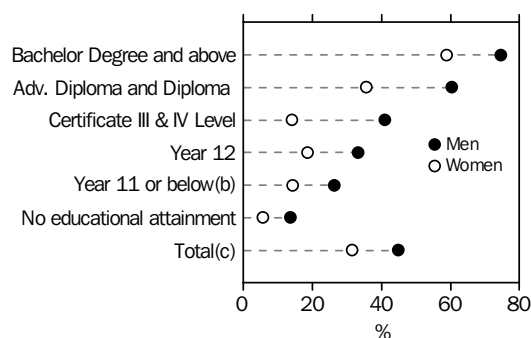
Differences in field of study for men and women accounted for some of these difference in *personal income*. The most common fields of study at Certificate III or IV level for women working full-time were Business management<sup>7</sup> (15%) and Hairdressing (14%); and, the proportions of women with *higher incomes* in these fields of study were 13% and 10% respectively. For men employed full-time, the most common fields were the general group of Engineering and related technologies (8%), and Carpentry and joinery (7%). The proportions of men with *higher incomes* in these fields of study were 41% and 44% respectively, with many of the other popular, traditional male trades having proportions similar to these levels or higher.

### Income and occupation

Consistent with qualifications, there was also a link between the skill level of occupations<sup>8</sup> and a person’s income. At the 2006 Census, two thirds (67%) of people who were employed full-time in higher skill level occupations (which included managers and professionals) had *higher incomes*. Of the full-time workers with medium skill level jobs (which included technicians and trade workers, and some higher skilled sales and service workers), just over one third (35%) had *higher incomes* in 2006, while one fifth (20%) of those with low skill level jobs (including most sales and service workers and labourers) were in this *higher income* group.

Even when occupations are grouped by skill level to make them broadly equivalent, *personal incomes* for full-time working women remained generally lower than for men in each group. For example, in 2006, 71% of men working full-time in higher skill occupations had *higher incomes* compared with 60% of full-time working women in the same group of occupations. Even when comparing men and women who worked similar hours, differences

### Level of highest educational attainment: full-time employees with higher gross personal incomes(a)



(a) Weekly gross personal income of \$1000 or more.

(b) Includes Certificate I and II Level.

(c) Includes highest education attainment inadequately described and not stated.

Occupation skill level(a) by weekly personal income: full-time employees

Skill level of occupation	Higher income (\$1,000 or more)	Middle income (\$400–\$999)	Lower income (\$1–\$399)	Total nil & negative income	Total
	%	%	%	%	%
<b>Men</b>					
Higher skill	70.6	24.7	3.7	1.0	<b>100.0</b>
Medium skill	39.2	51.8	8.3	0.7	<b>100.0</b>
Low skill	26.3	67.3	5.7	0.7	<b>100.0</b>
<b>Women</b>					
Higher skill	59.8	36.2	3.3	0.7	<b>100.0</b>
Medium skill	24.7	65.5	8.7	1.1	<b>100.0</b>
Low skill	10.7	78.7	9.9	0.7	<b>100.0</b>
<b>Persons</b>					
Higher skill	66.5	29.0	3.5	0.9	<b>100.0</b>
Medium skill	35.2	55.6	8.4	0.8	<b>100.0</b>
Low skill	20.0	71.9	7.4	0.7	<b>100.0</b>

(a) See Glossary for definition of Occupation skill levels.

in the *personal income* profiles remain. In 2006, for those people working between 35–40 hours per week in higher skill occupations, 66% of men had *higher incomes* compared with 53% of women.

**Income and industry of employment**

Just as higher skill occupations were associated with *higher incomes*, the industries that employed people in these occupations generally had *higher personal incomes*. For example, in 2006, 60% of people employed full-time in Education and training, and Professional, scientific and technical services industries had *higher incomes*. These industries also had higher proportions of workers in higher skill occupations (77% and 67% respectively).

A notable exception was the Mining industry. At the 2006 Census, the Mining industry had the highest proportion of full-time workers with *higher incomes* (82%). However, nearly half (46%) of full-time workers in this industry were in low skill occupations. Of those workers in low skill occupations in the Mining industry (for example, Machinery and stationary plant operators), 76% had *higher incomes*, while close to 92% of those in higher skill occupations (for example, Design, engineering, science and transport professionals) had *higher incomes*.

**Top 5 industries of employment: full-time employed people with higher gross personal incomes**

	Higher income (\$1,000 or more)	Higher skill occupations (a)
	% in industry	% in industry
Mining	82.0	25.2
Electricity, gas, water and waste services	60.4	28.4
Education and training	60.2	77.0
Professional, scientific and technical services	59.5	67.3
Financial and insurance services	55.9	41.5

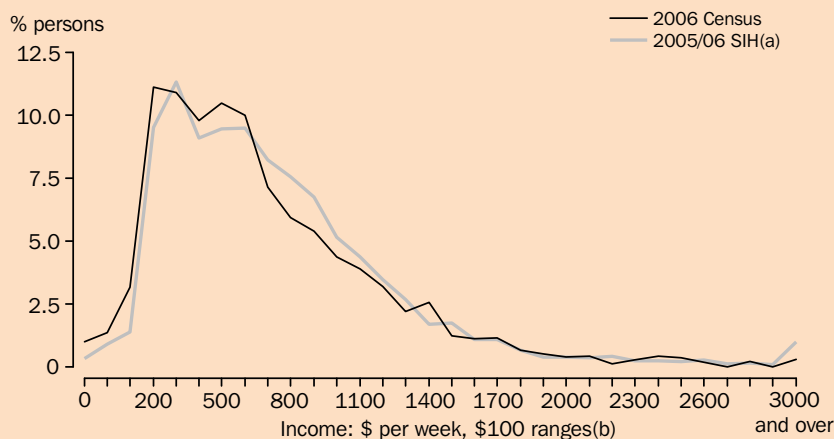
(a) See Glossary for definition of Occupation skill levels.



## Census income statistics

Income statistics are collected in the census to provide an indication of the relative incomes of small population groups; those in small geographic areas and/or particular groups within the population (for example, one parent households with children aged 0–4, or young employed part-time students in regional areas). ABS survey based statistics provide more comprehensive income statistics for larger areas and groups of people, as they separately collect and detail the full range of income sources (see *Household Income and Income Distribution, Australia, 2005–06*, ABS cat. no. 6523.0). This more detailed data, along with expenditure data, permit studies that estimate the effect of taxation and government benefits on *household incomes* and living standards. These studies show that each of these factors change the distribution of income and resources to patterns somewhat different to that measured by gross household income (see *Government Benefits, Taxes and Household Income, Australia, 2003–04*, ABS cat. no. 6537.0).

### Income distribution of persons: equivalised gross household income, 2006 Census and 2005–06 SIH



(a) 2005–06 SIH data adjusted for inflation to correspond to Census day using the CPI for the eight capital cities.

(b) Nil income includes negative income, and is not a \$100 range. Figures shown indicate the bottom of the relevant income range.

Comparing the distribution of people according to their equivalised gross household incomes from the 2006 Census and the 2005–06 Survey of Income and Housing (SIH) shows a broadly consistent pattern across the income ranges. However, this comparison also indicates that there was a general tendency for people to have lower equivalised gross household incomes in the 2006 Census than was measured in the 2005–06 SIH, especially among those people with *middle incomes*.

People may have understated their incomes in the 2006 Census for a variety of reasons. It is expected that this most commonly occurred when household members did not include all sources of income in their *personal incomes*. For example, some of those who were employed may have only reported their wages or salaries and not included the government benefits they received, particularly payments such as family tax benefits.

Personal income groups by household income groups(a)

	Personal income			
	Higher income	Middle income	Lower income	Nil or negative income
	%	%	%	%
Higher household income	67.9	16.0	5.6	11.2
Middle household income	9.0	28.9	15.6	18.1
Lower household income	0.4	9.3	42.6	16.8
<b>Total households(b)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(a) See box on p.176 for definitions of personal and household income groups.

(b) Includes households not in selected groups.

### Household income closely associated with personal income

To obtain *household income*, the *personal incomes* of household members are combined and then equivalised, to allow for differences in the size and composition of households (see income definitions in box on p. 176).

Therefore, there is a strong relationship between a person's *household income* and their *personal income*. For example, in 2006, 68% of people with *higher personal incomes* had *higher household incomes*. That said, some people with *middle and lower personal incomes* did have *higher household incomes* (16% and 6% respectively). These people may be living in a household where someone else had a *higher personal income* or where there were a number of people contributing to the *higher household income*. An individual may choose to work part-time or not at all so that they can care for children or study; while this often restricts their *personal income*, their standard of living can still be higher through the income and other economic resources that are shared within their household. As a result, *household income* provides a much better indication of a person's living standard.

### Household incomes across Australia

The 2006 Census shows that people living in different parts of Australia have a wide variety of *household income* profiles (the relative proportion of people with *higher, middle and*

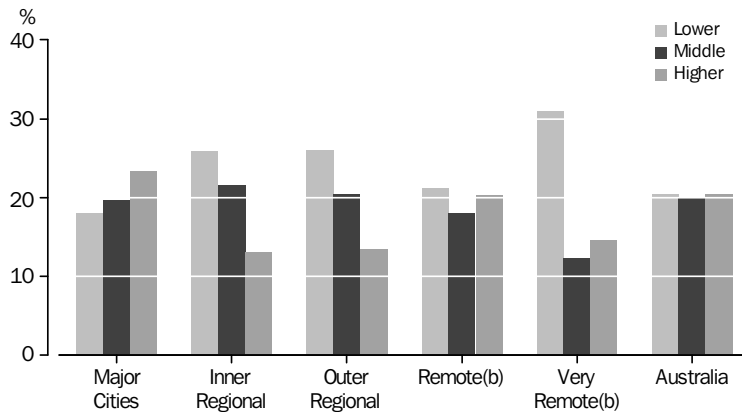
*lower household incomes*). Across the Remoteness Areas of Australia, these *household income* profiles varied according to the types of households in these areas; in particular, the stage in the life cycle of these households (see Glossary for definitions); and the characteristics of the people in these households.

### Major Cities

In 2006, just over two thirds of the population lived in Major Cities. These areas incorporated most capital cities, except Hobart and Darwin, and nearby urban areas. Consistent with these cities being centres of commerce and industry, people living in these areas were slightly more likely to have *higher household incomes* (23%) compared with Australia as a whole (20%). People with *lower household incomes* were slightly under-represented in the Major Cities (18% compared with 20% nationally).

In Major Cities in 2006, all life-cycle groups had slightly greater proportions of people in the *higher household income* group compared with these life-cycle groups for all of Australia. The greatest difference was for *middle-aged couple families without children*, where 31% of people in this group in Major Cities had *higher household incomes* compared with 27% Australia wide. *Couple families with young children* (aged 0–4) and *young couple families without children* also had comparatively higher proportions of people with *higher household incomes* (21% and 50% respectively, compared with 17% and 47% nationally).

## Persons in household income groups(a): Remoteness Areas



(a) See box p. 176 for definition of household income groups.

(b) Data for these areas may be affected by the higher proportion of households excluded due to non-response to the personal income question or because people were temporarily absent: Remote 14% and Very Remote 15%, compared with 11% for Australia.

## Inner and Outer Regional

In 2006, people living in Inner and Outer Regional areas had very similar *household income* profiles. These areas had the lowest proportions of people with *higher household incomes* (13% each) and relatively higher proportions of people with *lower household incomes* (26% each), compared with other areas. This pattern was repeated for the majority of life-cycle groups in these two areas. For example, in Inner Regional areas, 33% of people in *young couple families without children* had *higher household incomes* compared with 47% Australia wide; while in Outer Regional areas, 23% of people in *couple families with young children* had *lower household incomes* compared with 17% nationally.

## Remote and Very Remote

In 2006, relatively few people lived in the Remote and Very Remote parts of Australia, and the people living in these areas had quite different household and personal characteristics compared to those living in the rest of Australia. As a result, the *household income* profiles of the population in these two areas were quite different from other Remoteness areas. In both areas, people with *lower household income* were more common than those in the other income groups, followed by those with *higher household incomes*. In Remote areas, 21% of people had *lower household incomes*, which was only marginally higher than the 20% of people with *higher household incomes*. In contrast, Very Remote areas had the highest proportion of people with *lower household incomes* of all Remoteness Areas, 31%; while 15% had *higher household incomes*.

In both areas, the relatively higher proportion of people with *lower household incomes* was associated with Aboriginal and Torres Strait Islander peoples representing a large section of the population. In 2006, Aboriginal and Torres Strait Islander peoples on average had lower levels of *household income*, compared with non-Indigenous people.

In Very Remote areas in 2006, close to half of the population were of Aboriginal or Torres Strait Islander origin, and higher proportions of this group had lower levels of *household income* compared with Indigenous peoples in other areas. In Remote areas, Aboriginal and Torres Strait Islander peoples were a smaller proportion of the population—16% in 2006. In keeping with this, the proportion of the total population with *lower household incomes* was lower in Remote areas than in Very Remote areas. For details on the incomes and other characteristics of Indigenous peoples across Australia, see *Population Characteristics, Aboriginal and Torres Strait Islander Australians, 2006*, ABS cat. no. 4713.0.

In contrast, the relatively higher proportion of people with *higher household incomes* in Remote areas in 2006 was associated with the higher proportion of people in households where someone worked in the Mining or Construction industries (21% compared with around 13% in Outer and Inner Regional areas). People who worked in the Mining or Construction industries commonly had *higher personal incomes*, especially those in more remote areas (see 'Workers' incomes across Australia', p. 188–196). In 2006, 41% of people with *higher household incomes* in Remote areas were living in households containing a Mining or Construction industry worker,

compared with 15% nationally. In Very Remote areas, the impact of Mining and Construction employment on *household incomes* was similar. However, in Very Remote areas people in households where no one was employed in these industries were much more likely to have a *lower household income* than those in similar households in Remote areas (34% and 25% respectively).

There was little change in the *household income* profiles across all of the Remoteness Areas between 1996 and 2006, when the corresponding areas are compared. At this broad level, this indicates that the general increase in *household incomes* over the last decade was spread reasonably evenly over the Remoteness Areas. However, changes in the *household income* profiles of people in smaller areas are likely to have occurred over this period.

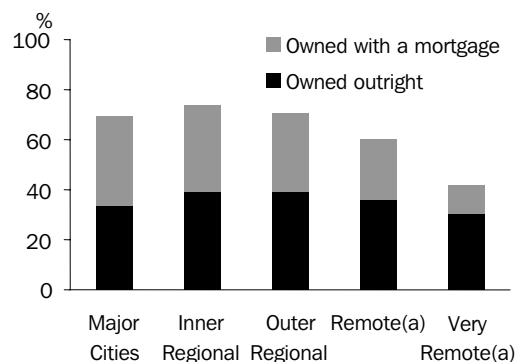
### The family home, the main household asset

The main asset for many Australian households is the dwelling that they live in: their home.<sup>9</sup> The 2005–06 Survey of Income and Housing showed that the value of the family home (less any outstanding mortgage) represented 44% of the total average value of household assets for all households. Therefore, those households who do own their own home, with or without a mortgage, have an important economic resource, while those households who do not may be at greater risk of financial hardship.<sup>10</sup>

The 2006 Census showed that 70% of households owned their own home with a mortgage or owned outright; this rate has remained around this level for the past 40 years. Information on home ownership combined with the location of households, and other household and personal characteristics, can help to identify if particular groups are more or less likely to benefit from home ownership. For more information about household tenure, see the ‘Housing overview’, p. 204–214.

In 2006, households in Inner and Outer Regional areas had the highest rates of home ownership (with a mortgage or owned outright) in Australia (73% and 70% respectively). Households in these two areas also had the highest rates of outright home ownership—39% in both areas. This reflects the relatively higher proportions of households in the middle-aged and older life-cycle groups

### Housing ownership: all households, Remoteness Areas



(a) Data for these areas may be affected by the higher proportion of households who did not respond to the housing tenure question—Remote 12% and Very Remote 14%, compared with 8% for Australia.

in these areas. For example, approximately 14% of households in each of these two areas were *middle-aged couple families without children*, compared with 11% Australia wide. Generally, households in these middle-aged and older life-cycle groups are more likely to own their homes outright, compared with younger groups, as they have had a longer period of time to pay off any mortgages. Moreover, in these areas, *middle-aged couple families without children* had a greater likelihood of owning their own homes outright than this life-cycle group Australia wide—62% in both areas, compared with 60% for Australia. In contrast to the relatively higher rates of home ownership, these two areas had relatively higher proportions of people with *lower household incomes*, including those people in the older life-cycle groups.

Households in Major Cities had the next highest proportion of overall home ownership in 2006 (69% of all households), slightly lower than the national level. Major Cities were the only area where households were more likely to have a mortgage on their homes than they were to own their homes outright (36% had a mortgage, while 33% owned outright). As most households are located in the Major City areas, home ownership rates across the lifecycle groups in these areas align closely with national rates for these groups.

In Remote and Very Remote areas in 2006, households had relatively low rates of home ownership (60% and 42% of all households respectively). While the proportion of households who owned their homes outright

in these areas (Remote, 36%, and Very Remote, 30%) were generally comparable with the other Remoteness Areas, owning with a mortgage was less common (24% and 11% respectively, compared with 35% nationally).

Both Indigenous households (that is, households that included at least one Aboriginal or Torres Strait Islander person) and other households in these areas had relatively low rates of owning with a mortgage, compared to other Remoteness Areas. That said, these rates were lower for the Indigenous households compared with the non-Indigenous households. This in part reflects the types of tenure available on Aboriginal and Torres Strait Islander lands in these areas, but also reflects a consistent pattern of lower rates of owning with a mortgage for Indigenous households across all Remoteness Areas (for more detail see *Population Characteristics, Aboriginal and Torres Strait Islander Australians, 2006*, ABS cat. no. 4713.0).

In addition, relatively higher turnover of the population may also have had some influence on the lower rates of households owning with a mortgage in Remote areas. People in these areas may not be willing to enter into a mortgage if they are unlikely to settle there on a long-term basis.

## Endnotes

1 United Nations Statistical Division (UNSD), National Accounts Main Aggregates Database, Estimates of Per Capita Gross National Income (GNI) in US Dollars, viewed 18 June 2008, <<http://www.unstats.un.org/unsd/snaama/selection/basicFast.asp>>.

2 Australian Bureau of Statistics (ABS) 2007, 'Purchasing Power' in *Australian Social Trends 2007*, cat. no. 4102.0, ABS, Canberra.

3 ABS 2007, *Household Income and Income Distribution, Australia, 2005–06*, cat. no. 6523.0, ABS, Canberra.

4 Income data are adjusted to 2006 dollars using the Consumer Price Index (CPI) for the eight capital cities.

5 Human Rights and Equal Opportunity Commission, *Striking the Balance: women, men, work and family*, Discussion Paper 2005, viewed 16 December 2008, <[http://www.hreoc.gov.au/sex\\_discrimination/publication/strikingbalance/docs/Striking\\_the\\_balance.doc](http://www.hreoc.gov.au/sex_discrimination/publication/strikingbalance/docs/Striking_the_balance.doc)>.

6 ABS 2002, 'Employee superannuation' in *Australian Social Trends 2002*, cat. no. 4102.0, ABS, Canberra.

7 Includes Business management and, Business and management nfd. Secretarial Services are included in another category.

8 The five occupation skill levels, defined in the Australian and New Zealand Standard Classification of Occupations (ANZSCO), First Edition, ABS cat. no. 1220.0, are used to class occupations into 3 groups: Higher skill occupations—Skill level 1; Medium skill occupations—Skill level 2 & 3; Low skill occupations—Skill level 4 & 5. See Glossary for more information.

9 ABS 2007, *Household Wealth and Wealth Distribution, Australia, 2005–06*, cat. no. 6554.0, ABS, Canberra.

10 ABS 2004, 'Household Assets, Liabilities and Financial Stress' in *Australian Social Trends 2004*, cat. no. 4102.0, ABS, Canberra.