



Presentation

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May 2023

Australian Inequality Index

A Per Capita initiative

Examining social progress beyond GDP

Economic measurement and reporting has historically been dominated by a number of traditional methods, such as Gross Domestic Product (GDP), Gross National Product (GNP).

While such approaches provide useful insights into economic production and productivity, they are limited measures of human progress and social 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, including Australia.

Why inequality matters

Understanding poverty is critical but understanding inequality is critically important.

The consequences of extreme inequality are well known.



The Australian Inequality Index

The **Australian Inequality Index** is a multifaceted measure of inequality offering easy to follow integrated indicators and a set of sub-indices examining critical dimensions of inequality.

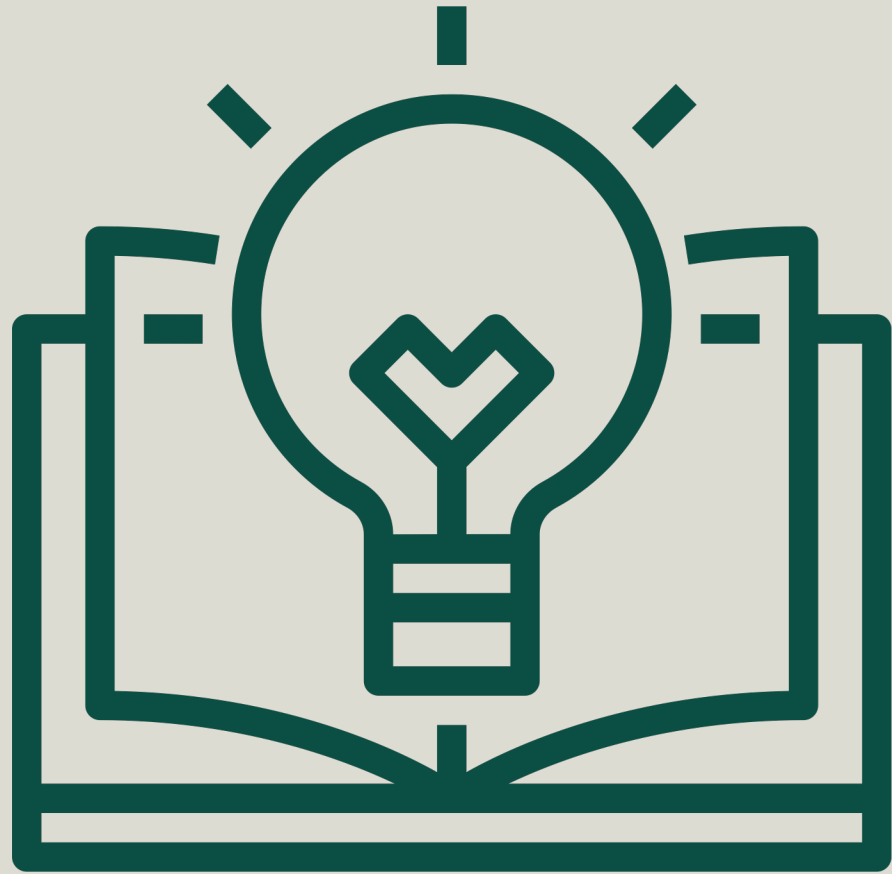
It is designed to be open access and easy to understand, as an evolving data tool.

The indicators in each sub-index have been curated from various international agencies and government data sources, and will be expanded over time as richer data becomes available.

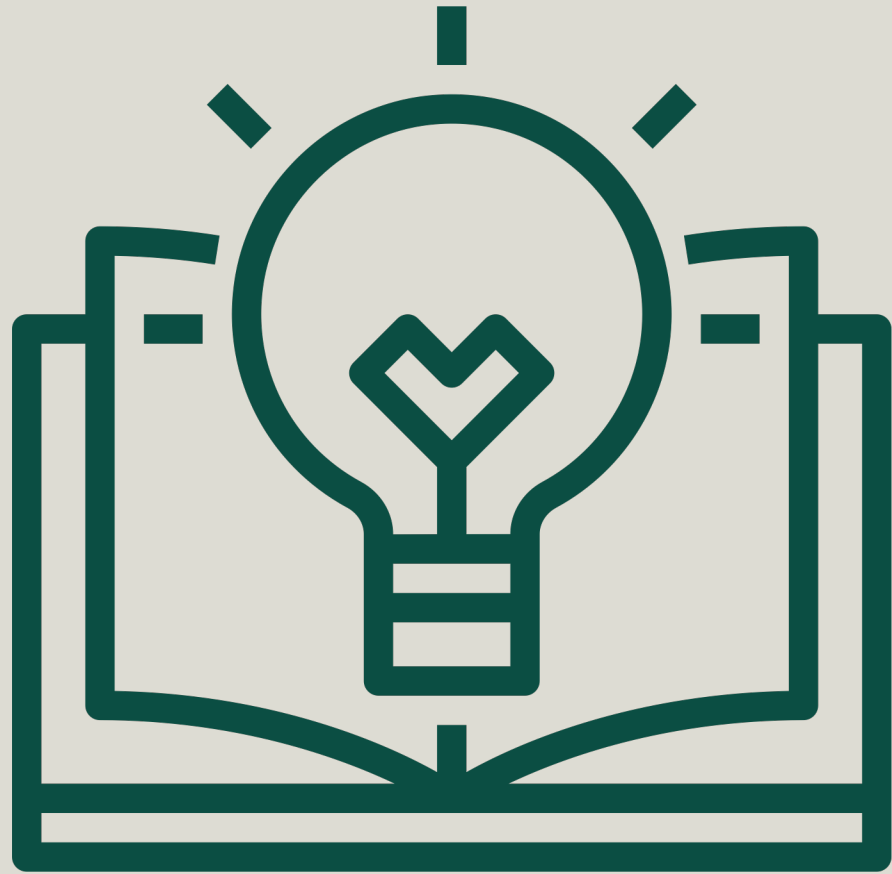
The Index will be used to inform Per Capita's regular analysis of existing and emerging government policy to assess the impact of such on inequality

The underlying metrics will be updated annually and/or as new data sets are published, but the methodology and dimension weightings will remain stable over future iterations of the Index, allowing for longitudinal analysis.

With the launch of this index, we hope to promote greater awareness of the many forms of inequality that exist in Australia today, from income and wealth disparities to unequal access to:



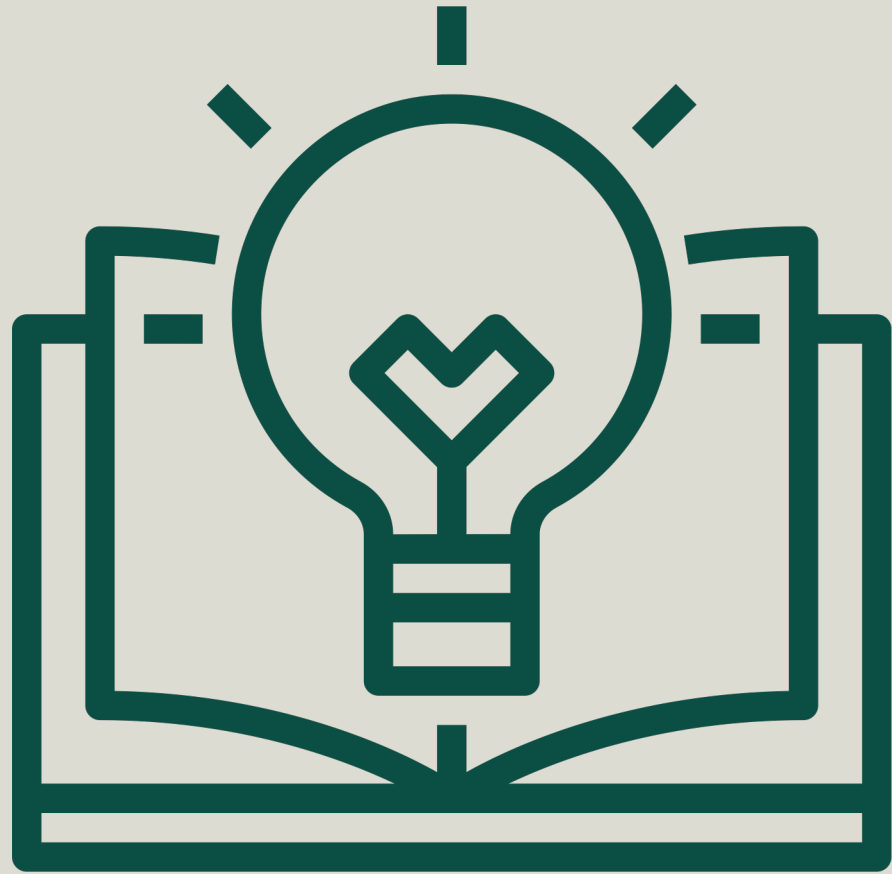
Education



Education



Health



Education



Health



Basic Needs



Index Design

Guiding Principals of Australian Inequality Index Design

Relevance

An identified association with wellbeing, social and economic progress



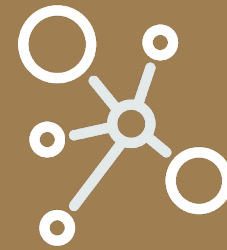
Relevance

An identified association with wellbeing, social and economic progress



Continuity of Data

Data employed in the construction of the index, is measured consistently, and validly



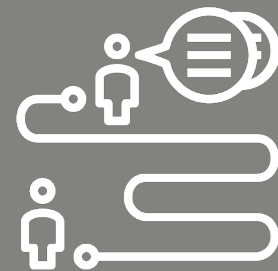
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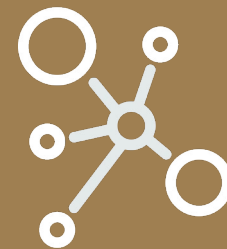
Public Domain

Data utilised in the index is within the public domain and verifiable



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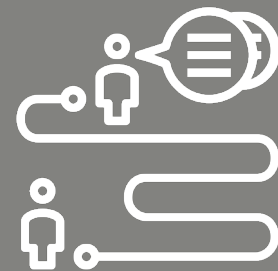
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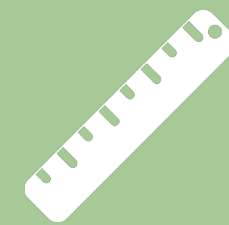
Continuity of Data

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Ratio/Gap Emphasis

The index favours ratio rather than level measures to focus on gaps.



Index Structure

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The Australian Inequality Index

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The Australian Inequality Index



First
Peoples

Index Structure

The Australian Inequality Index

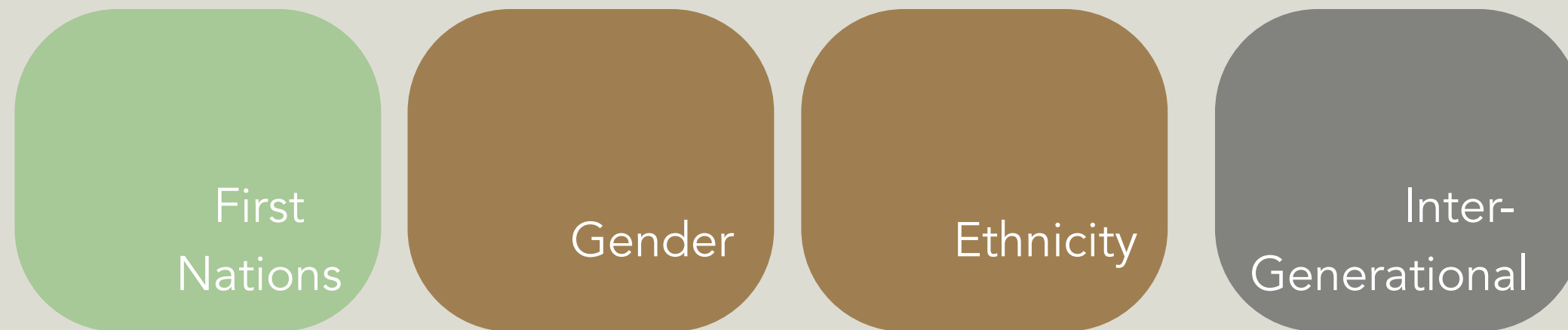
**First
Nations**

Gender

Ethnicity

Index Structure

The Australian Inequality Index



Index Structure

The Australian Inequality Index



Income Sub-Index



Income Inequality





Income Inequality



Upper Lower Quintile Ratio

Ratio of income of highest and lowest quintile



Income Inequality



Upper Lower Quintile Ratio

Ratio of income of highest and lowest quintile



2nd to 4th Quintile Ratio

Ratio of income of 2nd to 4th quintiles





Income Inequality



Upper Lower Quintile Ratio

Ratio of income of highest and lowest quintile



2nd to 4th Quintile Ratio

Ratio of income of 2nd to 4th quintiles



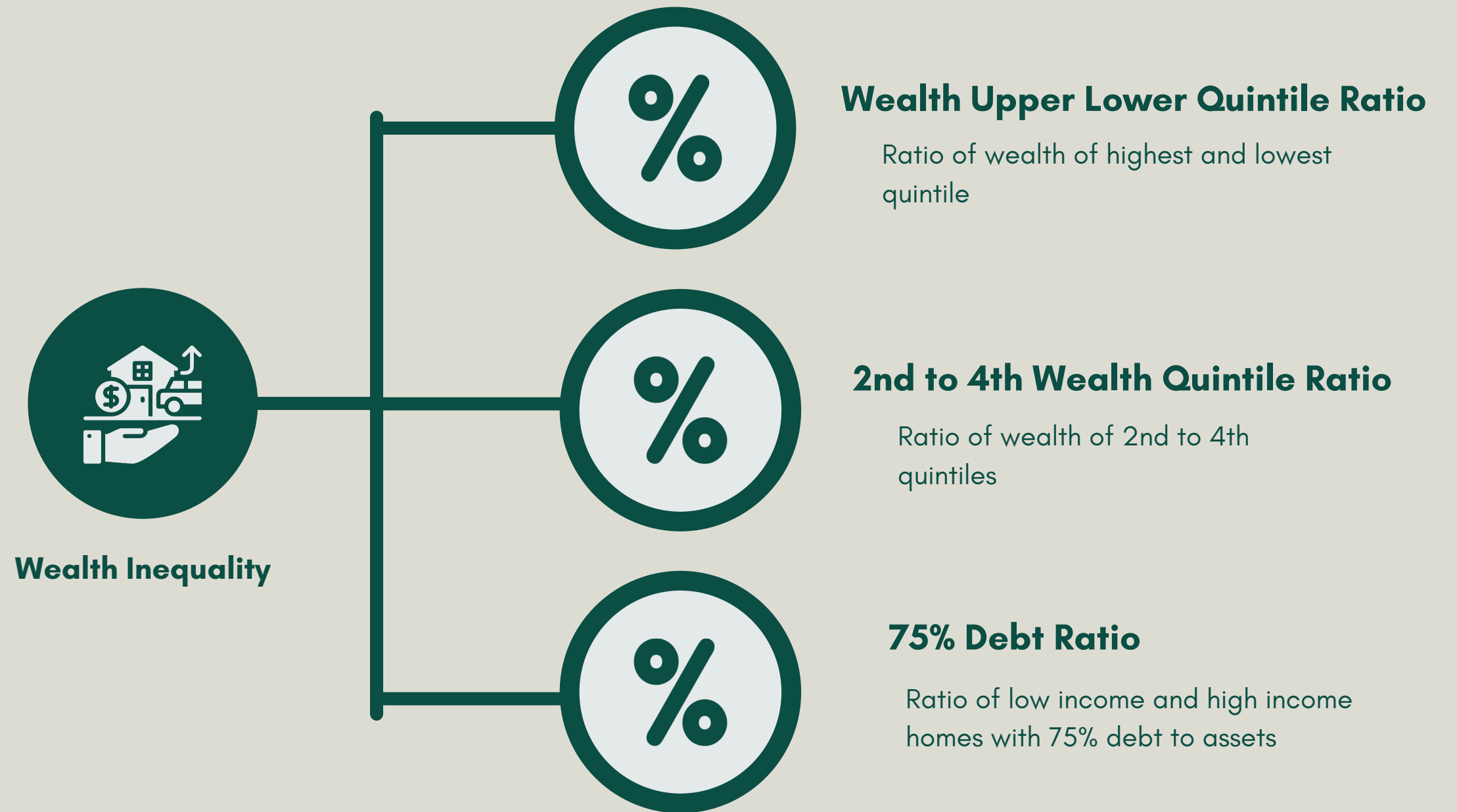
75% Ratio

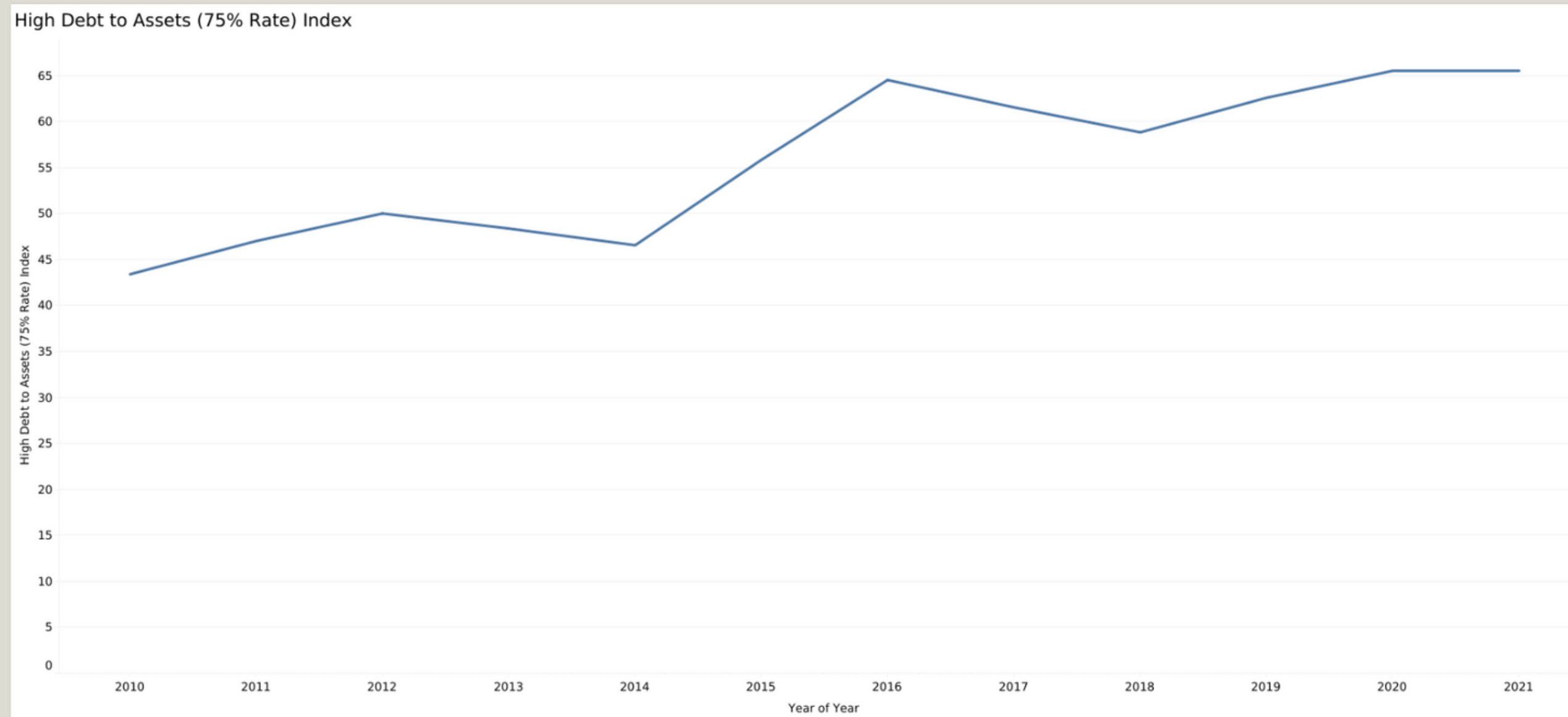
Ratio of low income and high income homes with 75% debt to income



45 Years: Assuming a 1% rate of income inequality change the time to equality is 45 years.

Wealth Sub-Index Analysis





Equality is not plausible given the current trend.

85 years: Time to equality at a 1% per annum rate of catch-up (change in the index).

Drivers of Economic Inequality

Drivers of Economic Inequality

While income inequality appears to have improved, this is largely a consequence of increased debt taken on by high income households.

Australians in the lowest income quintiles remain in a precarious position that is not improving.

The wealth gap remains large and continues to grow. The Gini coefficient masks the true disparities, and the precarity for low-income groups.

Drivers of Economic Inequality

Our economy lacks diversity, which is shown to be associated with better economic outcomes.

Wages have stagnated, reducing the potential for social mobility, and improved economic circumstances.

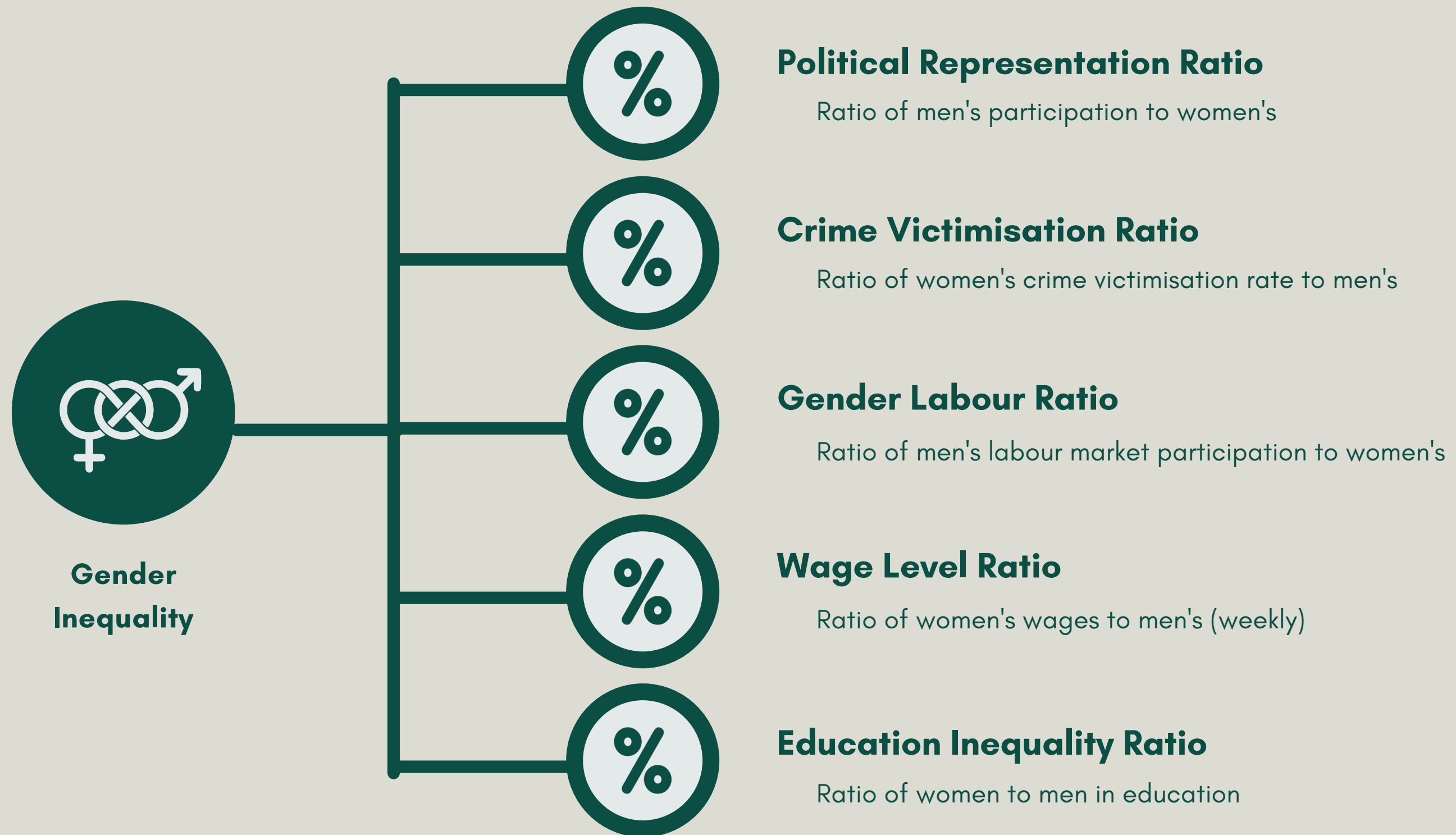
Underutilisation of labour remains high, many within the economy are underemployed.

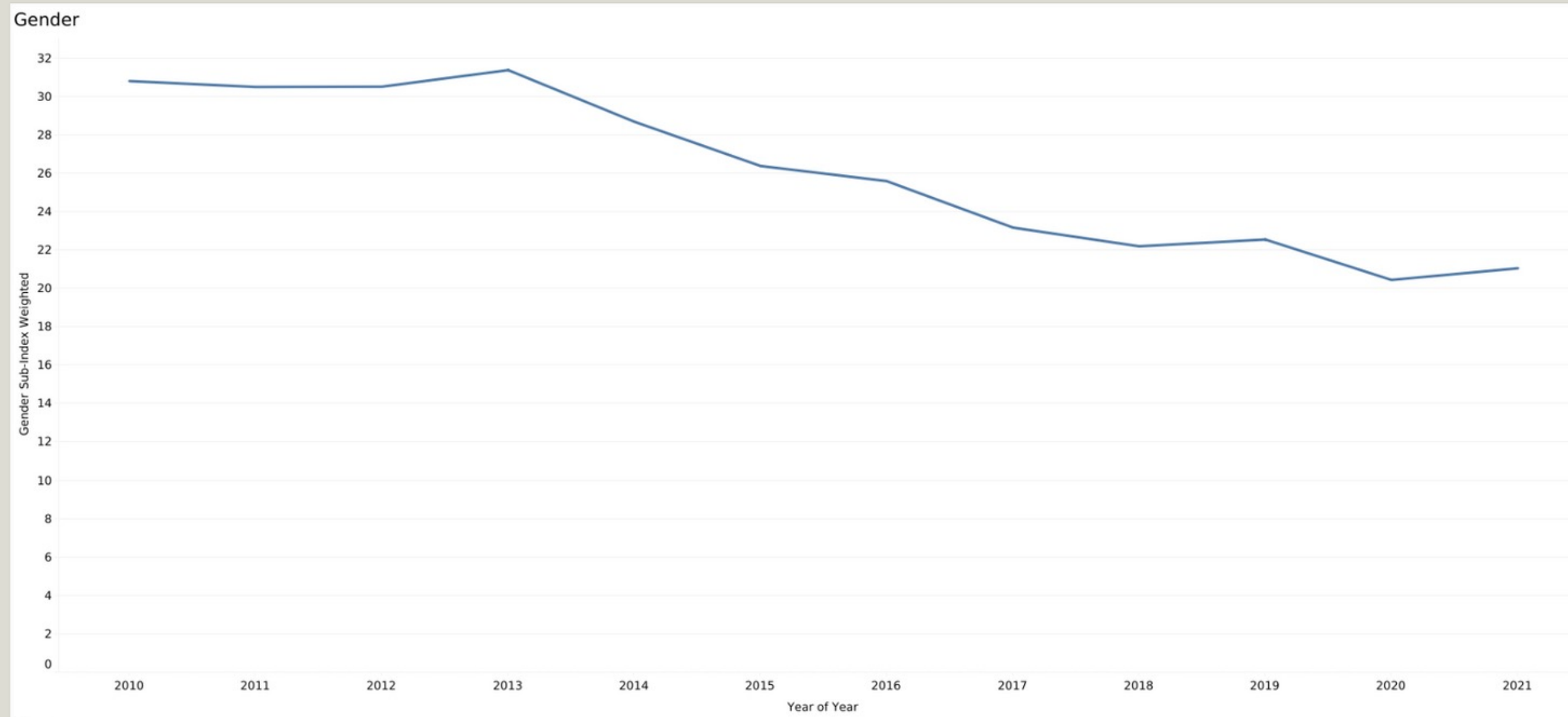
Welfare is inadequate, with all government payments falling short of any measure of the poverty line.

Gender Sub-Index Analysis

The gender sub index is constituted by a series of financial, social and employment focused measures that capture differences in the experiences of men and women within social, economic and employment settings.

Gender Sub-Index Analysis





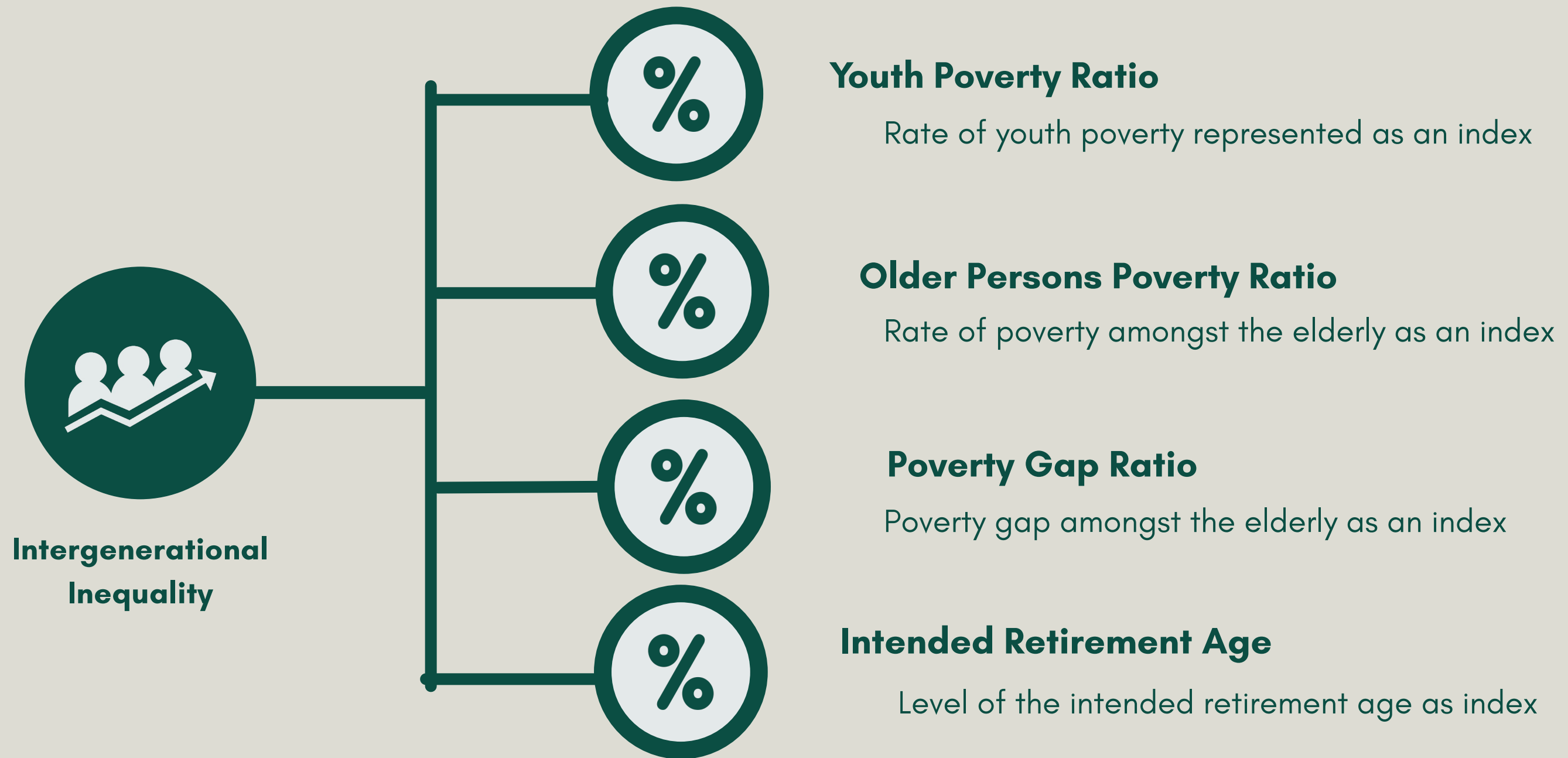
Favorable trend 2010 to 2020, increasing inequality 2020 to 2021.

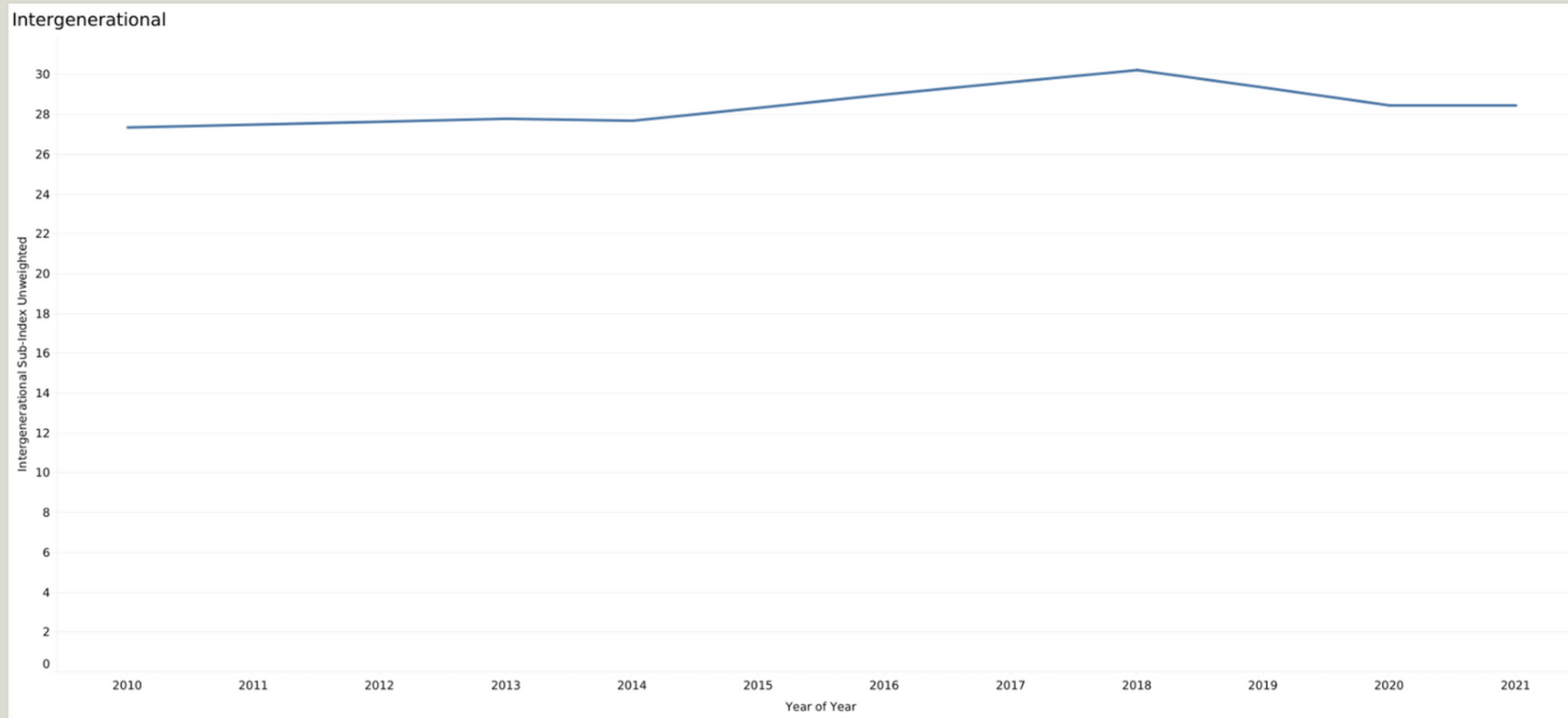
18.7 years: Time to equality at a rate of 1% change in the gender inequality index

Intergenerational Sub-Index Analysis

This dimension of the Australian Inequality Index incorporates key measures of poverty, the extent of poverty in gap terms, as well as the shifting retirement intentions of citizens based on shifting economic circumstances

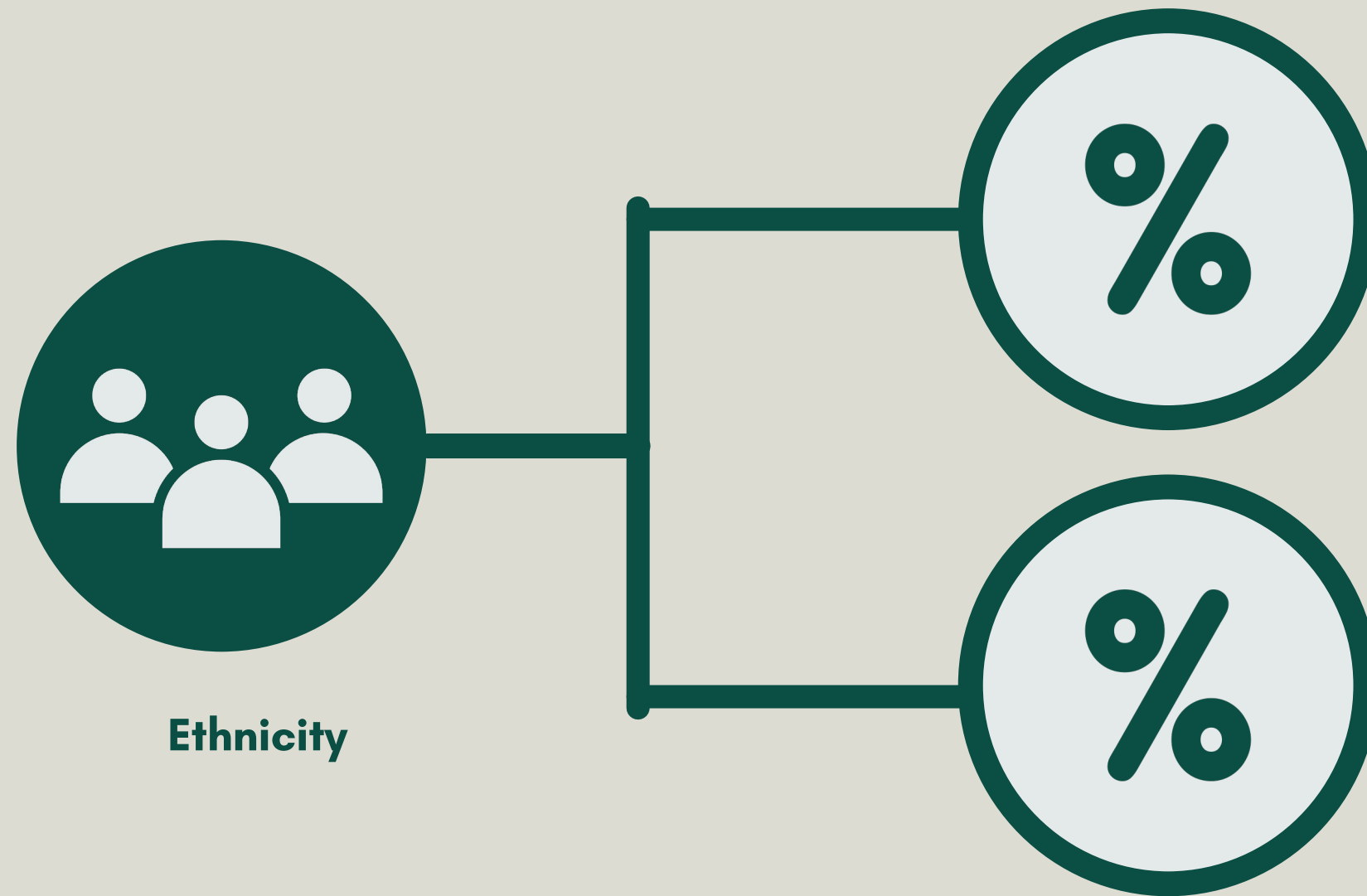
Intergenerational Sub-Index Analysis





28.5 years: Time to equality at a rate of change of 1% in the intergenerational index per annum

Ethnicity Sub-Index Analysis



Ethnicity Employment Ratio Index

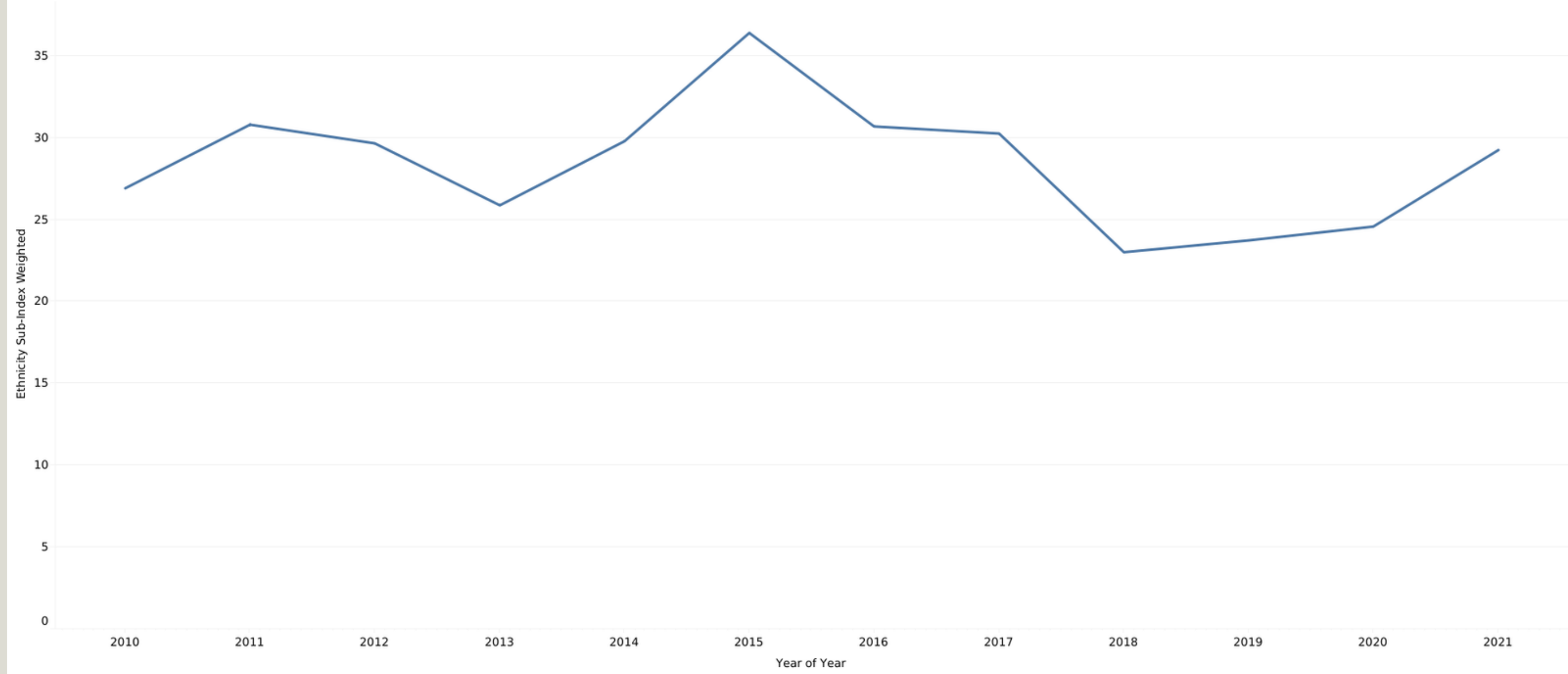
The rate of unemployment by birth location, local or abroad

Rate of People Reporting Discrimination

The annual rate of people reporting racial discrimination

45 years: Time to equality at a rate of 1% catch-up, this means that were there to be a shift in the pattern of wealth acquisition equality could be achieved within this term.

Ethnicity



Disability Inequality Sub-Index



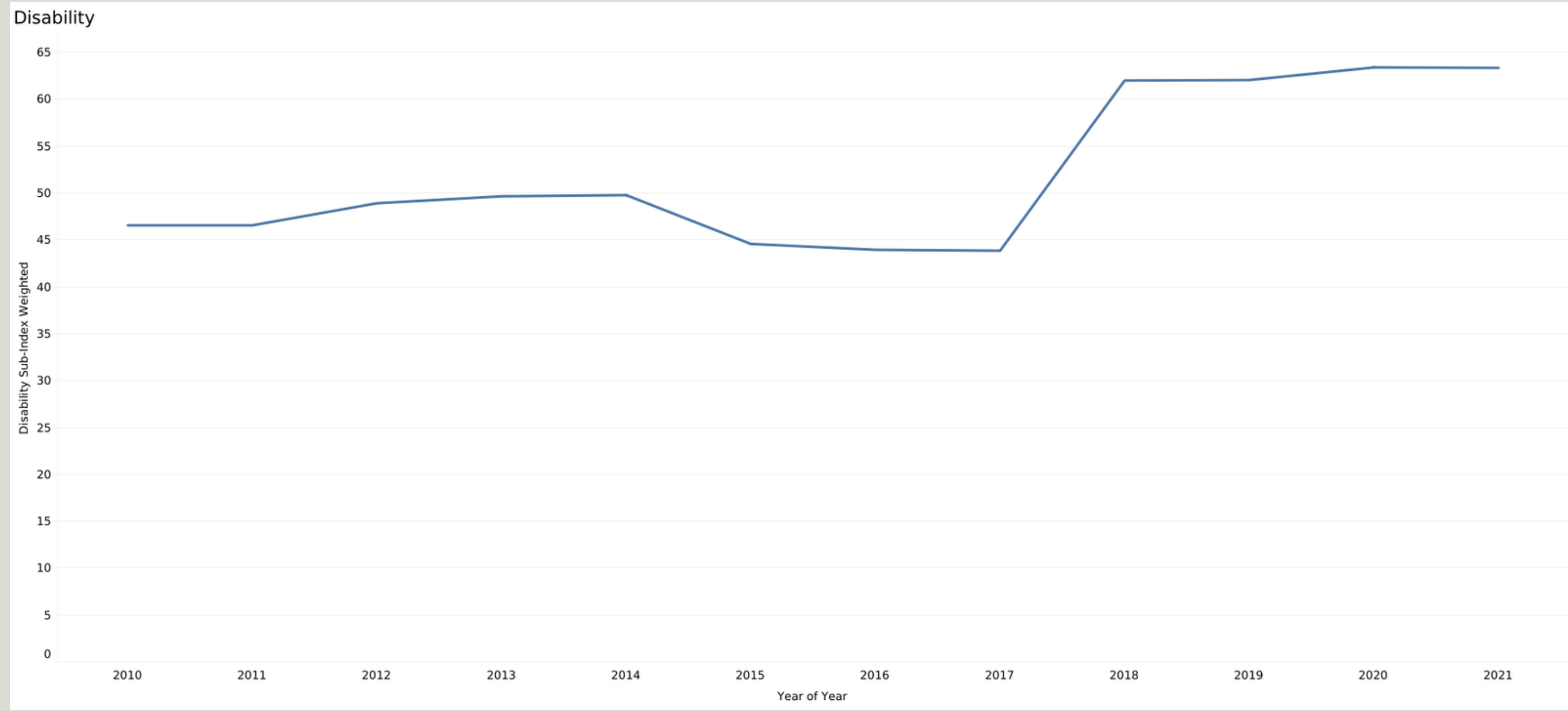
People With Disability

PWD Employment Ratio Index

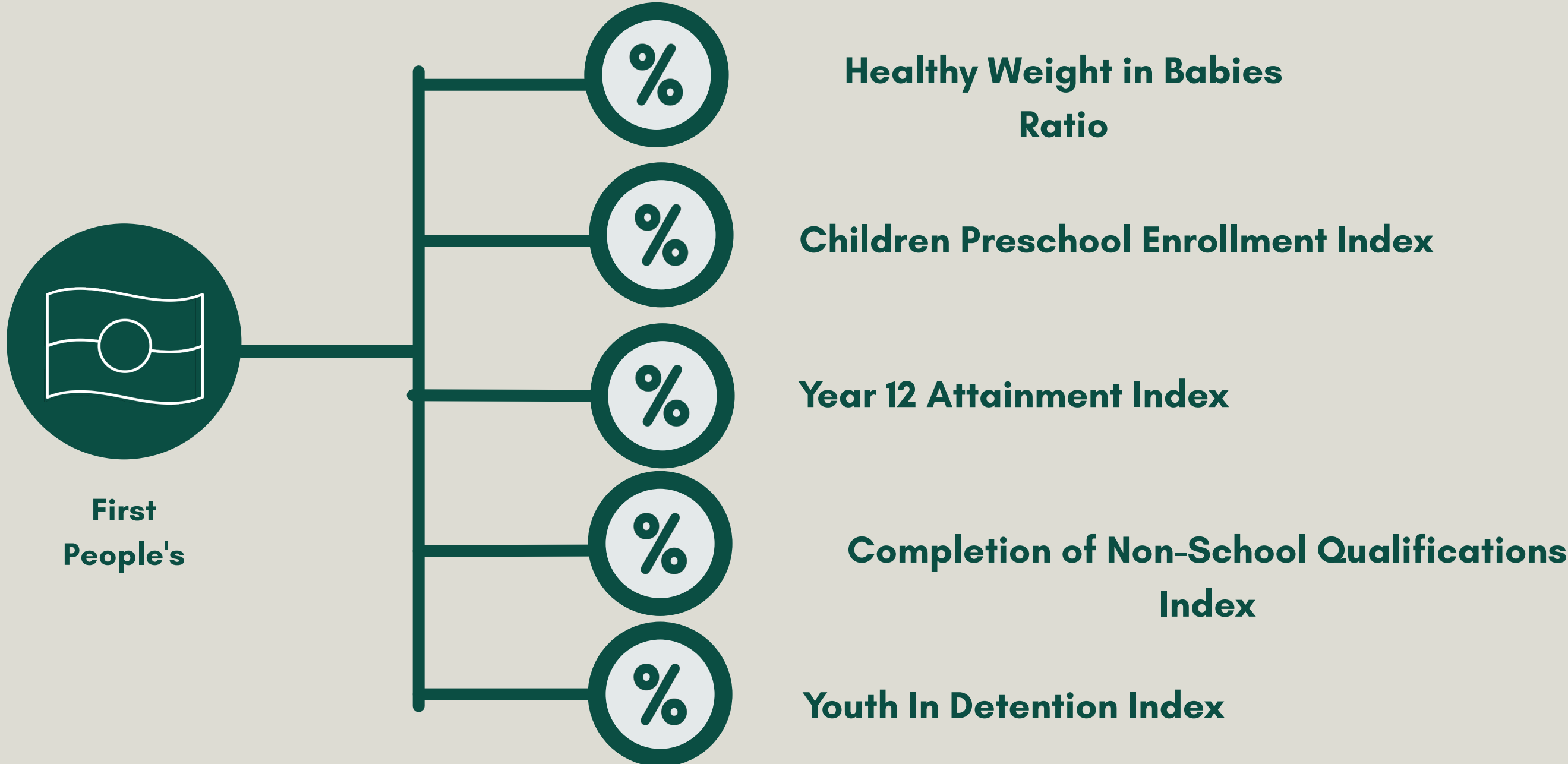
Ratio of persons without disability in the labour force to persons with a disability

Rate of People Reporting Discrimination

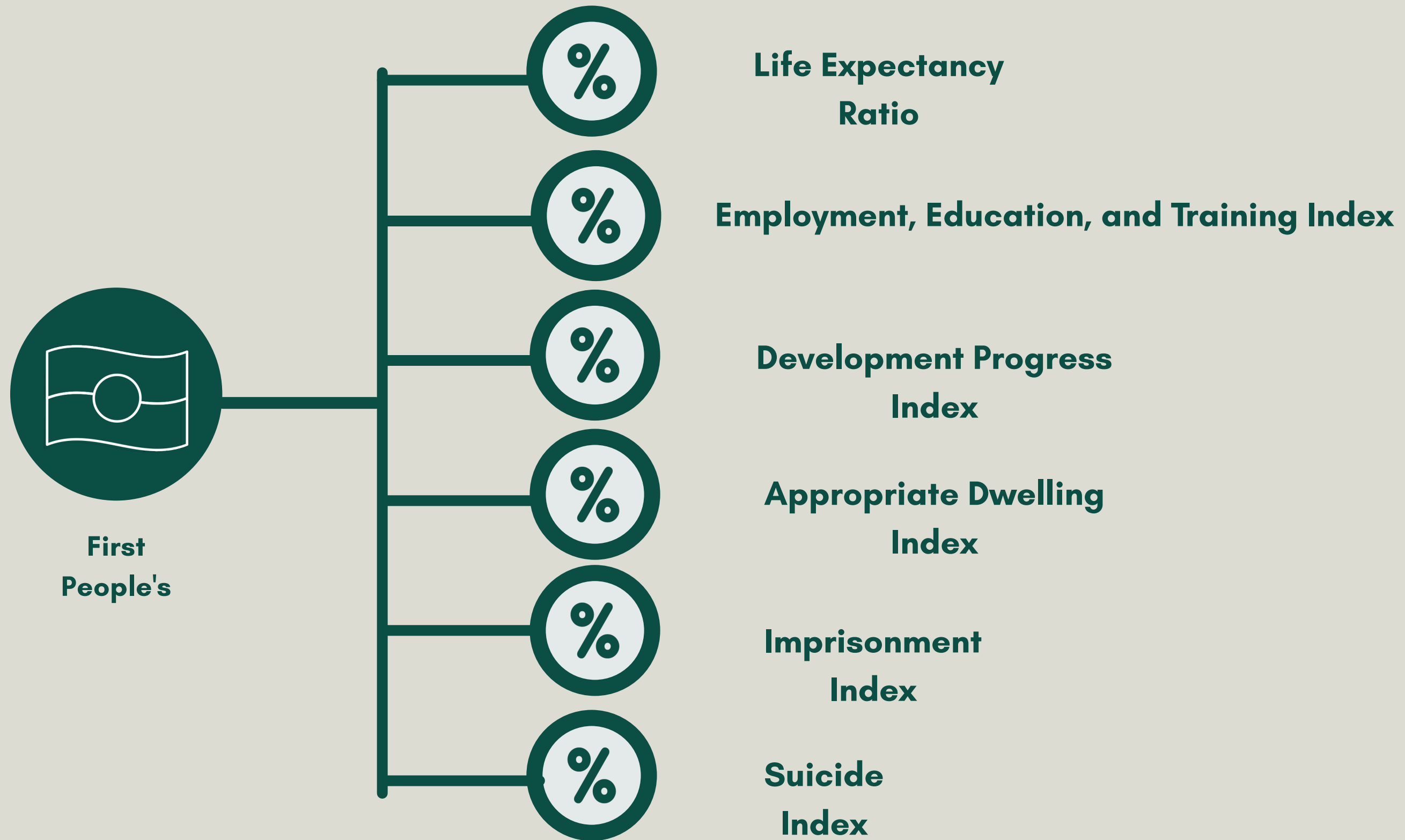
The annual rate of people reporting discrimination

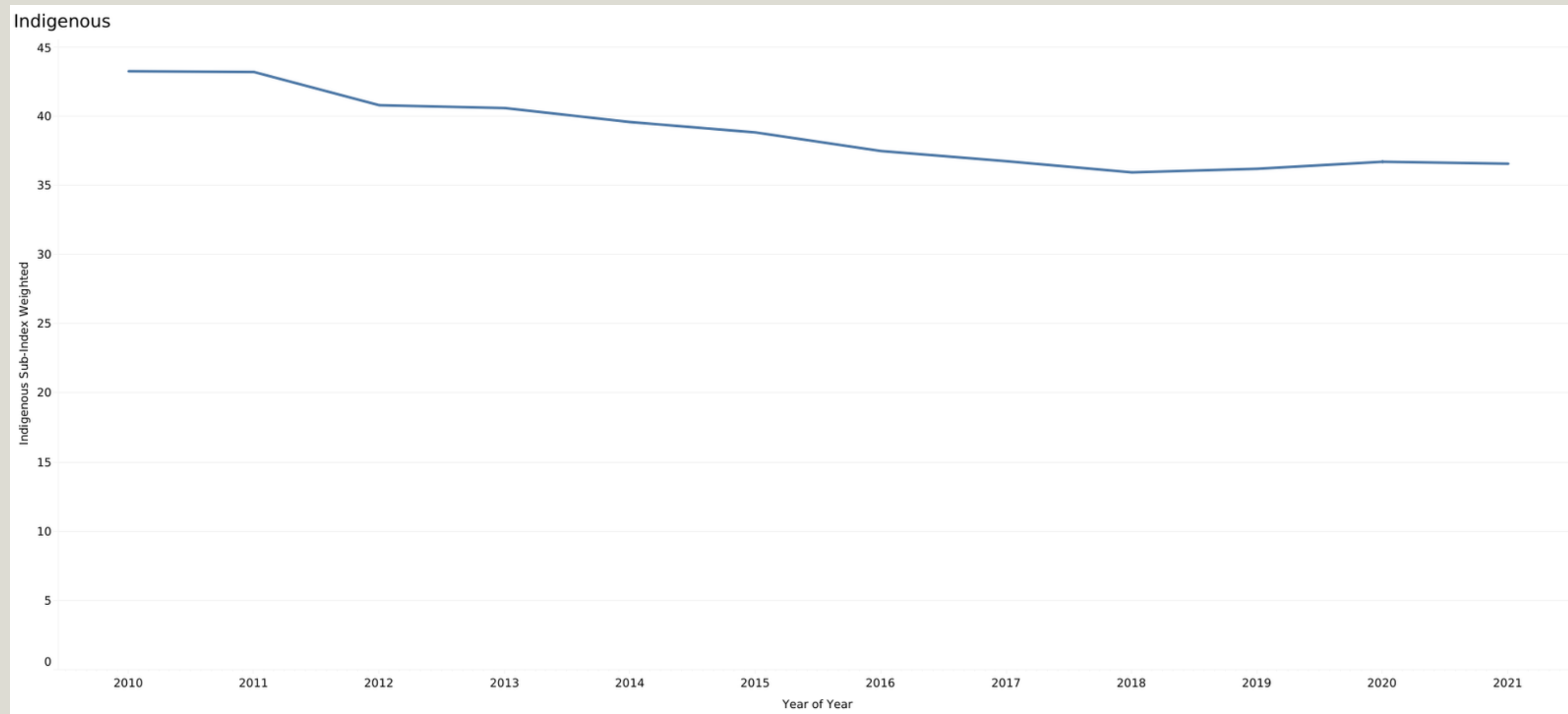


First Nations Sub-Index



First Nations Sub-Index

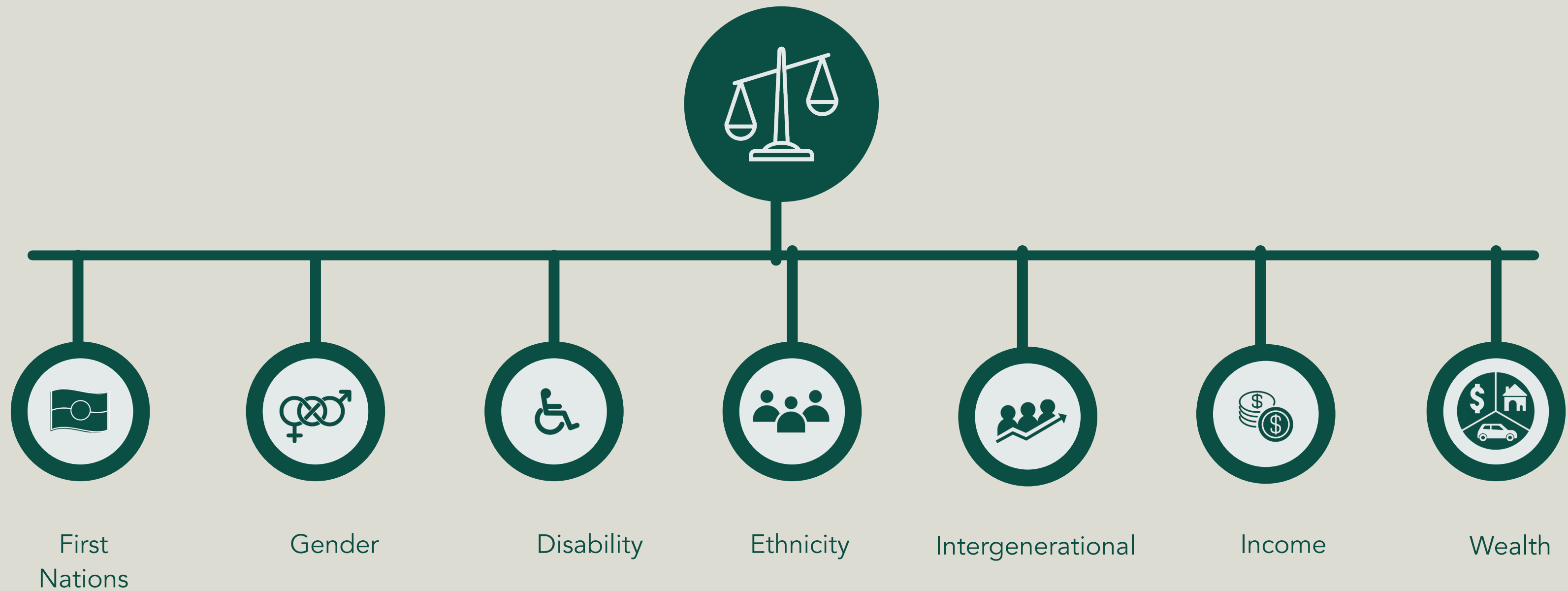




There is a significant gap to overcome to achieve equality, with significant variation in indicators. Improvements in health and housing are notable but a significant equality gap persists.

Australian Inequality Index

Australian Inequality Index



Examining overall inequality between 2010 and 2021

Inequality improved significantly between 2010 and 2016.

But the significant gains of the first half of the decade have been lost with a dramatic shift since 2016.

We are now less equal than we were in 2010.

Drivers of inequality over the decade

Wealth inequality continues to be the major driver of overall inequality, as are trends in discrimination against people with disabilities and members of racially, culturally and linguistically diverse communities.

There has only been a modest shift in gender inequality, and wage inequality continues to be stagnant.

Overincarceration of Aboriginal and Torres Strait Islander people continues to be a significant driver of First Nations inequality.

"Inequality is at the heart of the ecological dystopia we face, one that now poses an existential threat."

Michael
D.Higgins

Australian Inequality Index

A Per Capita initiative

percapita
FIGHTING INEQUALITY IN AUSTRALIA