

# AUSTRALIAN ECONOMY

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## PART A: GROWING INEQUALITY IN AUSTRALIA

Australians like to think of themselves as egalitarian but the Gini coefficient which measures inequality increased from 0.27 in 1980 to 0.33 in 2012, indicating the rich are getting richer and the poor poorer. For example the top 50 corporate CEO's earn 100 times more than the average workers' wage and Australia's 200 richest people increased their wealth by 23% or an average of \$800 million per person last year.

Those who are poor tend to be unemployed, single mothers, refugees, the disabled and indigenous people. The Australian Council of Social Services (ACOSS) estimates over two million Australians lack adequate housing, health care and community services and welfare organisations such as the St Vincent de Paul Society are struggling to meet the growing demand for basic necessities such as food. At the other extreme four of the country's five richest people, Gina Rinehart, Ivan Glasenberg, Andrew Forrest and Clive Palmer have made billions from mining.

Credit Suisse Global Wealth Report noted Australia's median wealth of \$213,800 is the highest in the world and our average wealth of \$397,000 is the second highest in the world. Australia's wealth per adult quadrupled over the last decade attributed to high real estate values, superannuation and savings. The proportion of people with wealth above \$100,000 is now eight times the world average, the highest in the world.

### Better but unequal life

The economic wellbeing of a person is largely determined by their income and reserves of wealth which enables them access to goods and services consumed daily. Income and wealth are unevenly distributed across Australia as the:

- wealthiest 20% of households account for 62% of household wealth, with an average of \$2.2 million per household
- poorest 20% of households account for 1% of household wealth, with an average of \$31,829 per household

In Australia the distribution of wealth is more unequal than income as people accumulate wealth throughout their working life. In general, older people have accumulated more wealth than younger people but older people earn lower incomes than younger people.

### Human Development Index

Australia has one of the highest HDI in the world. Since the 1980s the HDI increased from 0.85 to 0.94 because of improvements in education, health and income. However the HDI varies between states with the highest in Victoria (0.98) and lowest in the Northern Territory (0.91).

When inequality within Australia is calculated the HDI fell from 0.94 to 0.85. Groups such as Aboriginal and Torres Strait Islanders face widespread disadvantage in health, employment, education and the justice system. Access to primary healthcare remains poor with indigenous

*Above: Homeless on Bench, stencil art, Melbourne 2009 (Photo: Fernando do Sousa)  
Source: <http://www.flickr.com/photos/fernando/4480593824>*

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children dying at more than double the rate of non-indigenous children.

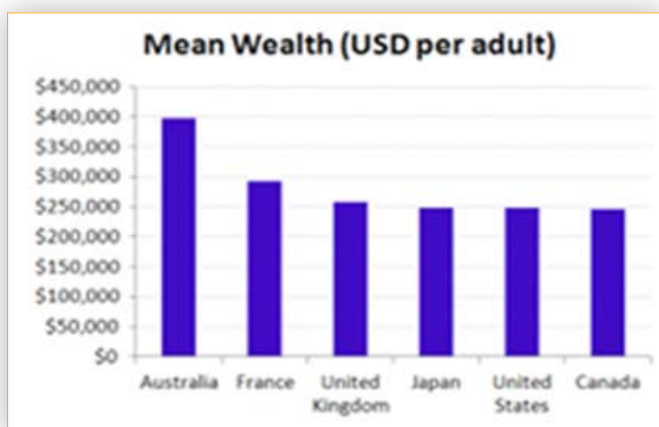
When taking into account the gender equality index (GII) Australia ranks 18 out of 146 countries with 28.3% of parliamentary seats held by women (compared to none in Saudi Arabia), a maternal mortality rate of 8 per 100,000 (compared to 1,900 in Afghanistan) and an adolescent fertility rate of 16.5 births per 1,000 live births (compared to 142 in the Congo).

Within Australia inequality in income ranges between cities from wealthier Canberra to poorer Hobart and between states with largest inequality in Victoria (23%) followed by South Australia (22%).

## Geofacts

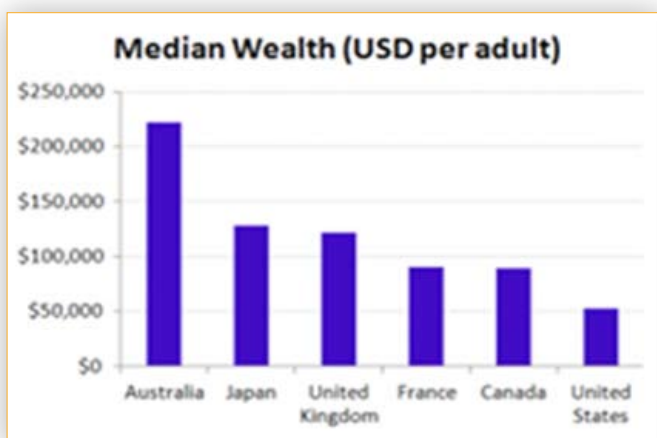
The wealthiest 20% of the Australian population have 61.8% of the wealth and the wealthiest 20% of the population receive 40% of household income

Column graph 1: Mean and median wealth per adult across developed countries



Source: <http://www.abc.net.au/unleashed/3726692.html>

Column graph 2: Median wealth per adult across developed countries



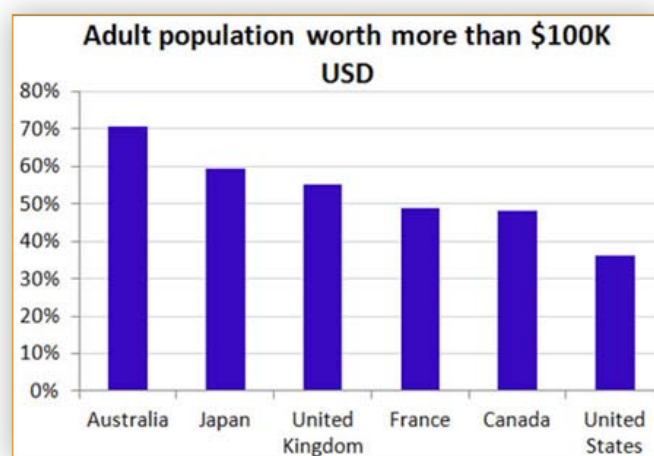
Source: <http://www.abc.net.au/unleashed/3726692.html>

## Activities

Refer to column graphs 1 and 2 and answer the following questions:

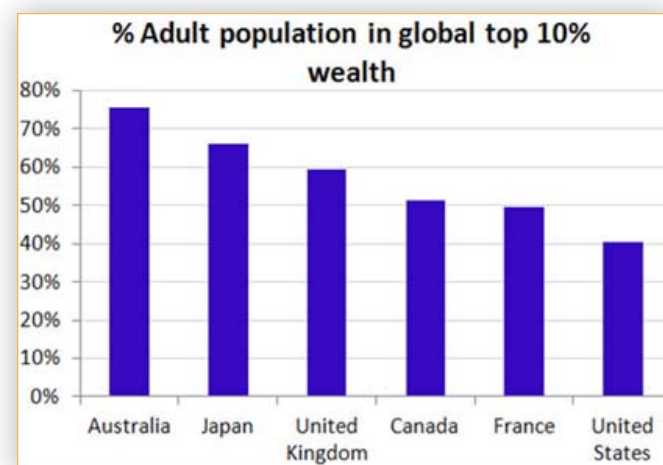
- Explain the difference between the terms median and average
- Describe the differences between median wealth and average wealth in Australia and Japan
- Discuss the advantages of living in Australia rather than living in the USA
- Imagine you worked for a welfare organisation in Australia. Suggest how you could improve the wellbeing of less fortunate people

Column graph 3: Adult population worth more than \$100,000 in selected developed countries



Source: <http://www.abc.net.au/unleashed/3726692.html>

Column graph 4: Percentage of adult population in top 10% wealth in selected developed countries



Source: <http://www.abc.net.au/unleashed/3726692.html>

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## Activities

Refer to two column graphs 3 and 4 and answer the following questions:

- Australia contains a larger percentage of wealthy people compared to countries listed on the graph. Discuss the differences using statistics
- Explain the reasons for Australia's growth in wealthy people

**Table 1: Trends in debt, profits and wages in Australia over time**

	<b>Debt up</b> Household debt to disposable income	<b>Profits up</b> Share of national income index	<b>Wages down</b> Share of national income index
1985	43.1	100	100
1995	67.1	11.4	96.5
2005	149.7	130.8	92.7
2012	170.1	140.1	89.1

## Activities

Refer to the table and answer the following questions:

- Calculate the changes to debt, profits and wages from 1985 to 2012
- Explain how life is more difficult for an Australian today, if they earn a wage and have a home loan compared to living in 1985
- Draw debt statistics as a line graph and label the axis

**Table 2: Trends in Human Development Index in Australia**

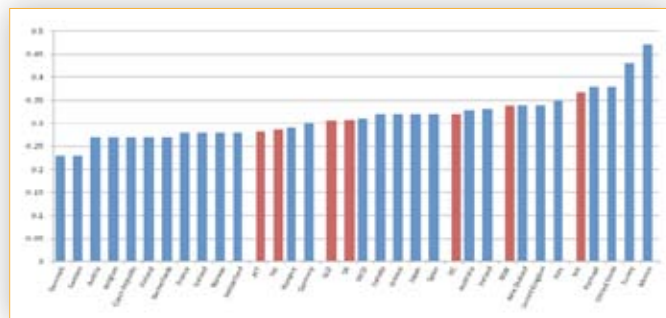
	<b>Life expectancy</b>	<b>Years of schooling</b>	<b>GPD per capita</b>
1980	74.4	11.6	19,690
2012	81.9	12.0	34,431

## Activities

Refer to the table and answer the following questions:

- Calculate the differences in the three Human Development Indexes (HDI) in Australia since 1980
- Discuss the reasons for improvements in the HDI in Australia

**Column graph: Income inequality (Gini coefficient) among OECD countries and Australian states**



Source: <http://clubtrotppo.com.au/files/2011/09/inequality-2.png>

## Activities

Refer to the column graph and answer the following questions:

- What is the purpose of the Gini coefficient?
- Calculate the difference in the Gini coefficient between the following countries:
  - Denmark and Mexico
  - Australia and the United States
- Rank the Australian states from least inequality (nearest 0) to largest inequality (nearer 1)
- List states with less inequality than the Australian average

**Table 3: Human Development Indicators on gender**

	<b>Australia</b>	<b>USA</b>	<b>Brazil</b>	<b>India</b>	<b>Yemen</b>
Population with at least secondary education (Ratio of female to male rates)	0.979	1.009	1.05	0.528	0.311
Adolescent fertility rate (births per 1,000 women aged 15-19)	16.5	41.2	75.6	86.3	78.8
Labour force participation rate (Ratio of female to male)	0.808	0.811	0.734	0.404	0.271
Gender Inequality Index	0.136	0.299	0.449	0.617	0.769
Female-male ratio in parliament	0.395	0.202	0.106	0.119	0.007
Maternal mortality ratio (deaths of women per 100,000 live births)	8	24	58	230	210

Adapted from information at <http://hdrstats.undp.org/en/indicators/36806.htm>



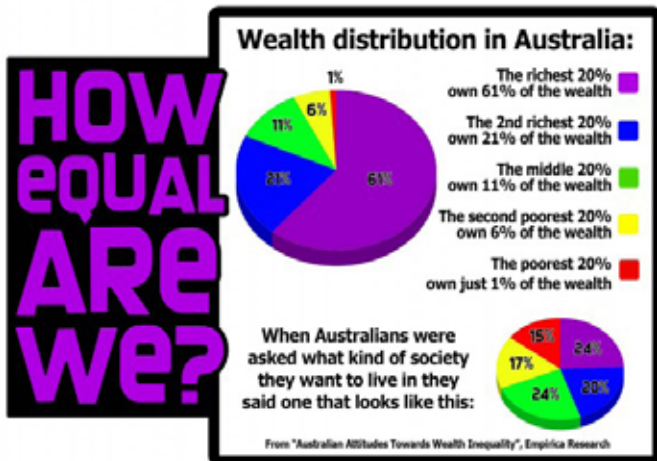
# PART A: GROWING INEQUALITY IN AUSTRALIA

## Activities

Refer to Table 3:

- Explain the country you would prefer to live in if you were a female. Provide statistics in your answer

## Pie graphs: Wealth distribution in Australia



Source: <http://fightback.org.au/?portfolio=81>

## Activities

Refer to the pie graphs and describe the difference in actual wealth distribution and what type of Australian society is most desirable

## Maps: Inequality across Australia



Source: [http://mccrindle.com.au/\\_blog/The\\_McCrindle\\_Blog/post/Australian\\_income\\_wealth\\_distribution/](http://mccrindle.com.au/_blog/The_McCrindle_Blog/post/Australian_income_wealth_distribution/)

## Activities

Refer to the maps above and discuss the divide between income and wealth in Australia including people, cities and states.

Photograph: He may be homeless but he has a computer



Source: <http://www.gizmodo.com.au/2010/10/he-may-be-homeless-but-at-least-he-has-facebook/>

## Activity

Refer to the photograph and express your thoughts

## Inquiry process

Complete the following inquiry process

- What is the wellbeing of your postcode or census area? How does it compare with other areas in Australia? What should be done about inequality within your postcode or census area?
- Using primary sources such as photographs show inequality within the local area
- Refer to the ABS CensusAtSchool (<http://www.abs.gov.au/education>) and collect statistics on inequality in your census area or local area.
- Collate information and present findings as a report

