Generation whY?

AMP.NATSEM Income and Wealth Report Issue 17. July 2007

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Foreword

Introducing Gen Y

A lot has been said about Gen Y – the term typically used for those born between 1976 and 1991. They have been described as frivolous, called the "me generation", labelled as spoilt and overprotected – as an ambitious generation, constantly in search of instant gratification, but not expecting to work hard for it.

But is this fair and are they really that different to their Baby Boomer parents, or their predecessors, Gen X? What, if any, has been the impact on this generation of a greater emphasis on equality in society and in particular the workplace?

The 17th AMP.NATSEM report examines the social, spending and saving habits of Generation whY? – so called because this is the generation the rest of us probably understand the least.

The information in this report draws from an extensive range of statistical surveys comparing Gen Y in 2004 to their predecessors, Gen X, at the same age in 1989.

Life balance? More study and more work!

Gen Y is a fairly conservative bunch. Half of them are still living at home and are staying there longer compared with Gen X at the same age. They have developed a strong work ethic too, with nearly one half of full-time Gen Y students holding down a job, and seven out of every 10 Gen Y students studying part-time engaged in full-time work.

The 50 per cent who opted to move out of home are hesitant about entering the housing market, with significantly more Gen Ys renting than their Gen X counterparts at the same age in 1989 – 59 per cent compared to 49 per cent of Gen X – while fewer are home owners or buyers.

But the great Australian dream is still alive with most wanting to buy a house by the age of 30. Sixty seven per cent of these, however, are worried about achieving this dream. Forty one per cent in the 25-29 age group are already saving for a deposit, but have a long way to go with only 25 per cent of all Gen Ys managing to save more than $10,000 so far.

Spending and saving? Not so frivolous.

In theory, Gen Y is all cashed up with added parental support and less responsibility than their predecessors. Their earning power cannot be ignored with the most affluent 20 per cent of persons living in Gen Y households bringing in close to $120,000 a year, and 40 per cent of persons living in Gen Y households earning more than $75,000 a year on average.

However, they are not as frivolous as sometimes thought. When it comes to household expenditure, they are spending less on clothes, food and alcohol than their Gen X counterparts in 1989. Gen Ys biggest expenses are housing at 21 per cent and transport at 14 per cent.

Even though they are in a good position financially, debt is an issue with households headed by a Gen Y owing about $60 billion in total. Not surprisingly, 55 per cent of Gen Y households have credit card debt, more than any other debt category. Thirty seven per cent have home mortgages, while 23 per cent of Gen Y households have HECS debt.

If you look at the wealth and assets Gen Y now hold, even though Gen Ys head 9.6 per cent of households, they only hold 3 per cent of total Australian household net wealth. Even when you factor in age and earnings, Gen Y may still find it difficult to bridge this gap to catch up with the rest of Australia.

The average total net worth of households headed by a Gen Y is $80,880. Around 80 per cent of this or $63,670 is held in the home equity and other wealth categories – that is, mainly the mortgage on the house, its contents and vehicles.

Given the average Gen Y superannuation balance is $9,770, and taking into account how much they are likely to have earned to date, $80,880 in net worth is impressive.

The gender divide – still alive and well

According to the statistics, it should be a dream run for Gen Y women. They are better qualified than their male counterparts. Forty-six per cent have post-school qualifications compared to 42 per cent of male Gen Ys and they also enjoy higher employment rates. But, when it comes to work, income and assets, not much has really changed since their mother's day.

It has been estimated that women are still earning around 15 per cent less[1] on average, in the same occupation and working the same number of hours, as men. For Gen Y, this varies from a difference of $34 a week for professionals to $135 per week average shortfall for women in the clerical, sales and services industries.

Single women also have a third less in superannuation than their single male counterparts. While the fact that women have more qualifications, which may mean they enter the full-time workforce later, it still highlights a large asset deficiency for single women. Single Gen Y men have on average 30 per cent, or $25,000, more in assets than single Gen Y women.

Taking their time with the things that matter

Every business wants to know what's important to this generation – and this report also looks at what matters to them now, and what they think will be important to them when they are 35 years old.

1. National Institute of Labour Studies, 2006

What is clear is that major life decisions such as marriage, children, savings and investment are not as important to them today as more immediate goals like sports and hobbies, fitness and a career. However, they do recognise that these areas will be important when they are older – albeit when they are in their mid thirties.

What does it all mean?

This AMP.NATSEM report shows that in many respects, Gen Y is no different to other generations in what they aspire to – although there are some notable exceptions in how they live.

They are more responsible than often thought by others, in that they are focused on education and their careers, and are at least thinking about their future. They are, however, delaying decisions on children and home ownership, preferring to focus on accumulating assets such as cars and gaining qualifications.

They do plan to have children and buy a home, just later than their predecessors – in their 30s instead of their 20s. But what are the implications of this delay?

Financially Gen Y seems to be doing well, but they cannot afford to be complacent and they cannot expect to be automatically guaranteed a comfortable later life. They may be financially reliant on their parents, but this has not made them irresponsible.

If we look back at some of the generalisations made about Gen Y, they are indeed ambitious, but they do not seek immediate gratification; in fact they are working and studying harder than previous generations at the same age.

Craig Meller
Director, Product Manufacturing,
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1. Introduction

They are the children of the baby boomers and they are unlike any earlier generation. They are sometimes referred to as Baby Boomlets or Millenials, but more often as Gen Y. While there is some debate about exactly what years Generation Y spans, they are essentially those born in the late seventies to early nineties. For the purposes of this report, we have chosen to look at those born in the 15 years from 1976 to 1991. In much of the 2004 data underlying this report, Gen Y were then aged between 13 and 28 years[1] – while, today, they are aged between 16 and 31 years.

Generally cosseted and treasured from birth, Gen Y has had fewer brothers and sisters to fight with and share toys with than previous generations. They have received special attention from the start, with their guilty working mothers showering them with material goods and with many of their parents having gone through the swinging 60s and wanting to be their best friends. They are the first truly post-feminist generation, and the possibility of being denied jobs, promotions or other opportunities on the basis of their gender is not even on their radar.

They are a questioning bunch, a product of the progressive teaching methods employed in schools, and the information age that they were brought up with, but said to be a headache for those Baby Boomer managers, who are used to the old "do as you're told" method. According to Peter Sheahan they are the antithesis of what drives Baby Boomers – valuing informal, practical, creative and lifestyle centred work places (Sheahan, 2005).

They possess multi-tasking prowess beyond that ever seen – having the ability to talk on their mobile whilst listening to their iPod, at the same time as instant messaging five different people, watching the latest YouTube feature and downing a Red Bull to keep it all "real".

And they are a tech-savvy generation that talks in a language that's sometimes hardly recognisable, full of jargon related to the technology they use. While their parents might struggle to master the five remotes that now occupy the average living room and the advanced features of their mobile phone, Gen Y appear like ducks to water where information technology is concerned.

During the next two decades, this up and coming generation will eclipse the baby boomers, who have basked at the centre of the Australian stage for so long. Already the 4.5 million Gen Ys outnumber the 4 million baby boomers (Table 1). And while the boomers still hold the lion's share of the plum jobs, their workplaces are increasingly filled with up and coming Gen Ys. More Gen Ys than baby boomers already hold jobs, with 2.8 million working Gen Ys compared with 2.7 million baby boomers who are still toiling away. And this difference is set to increase rapidly during the next five years, as Gen Ys finish their studies and enter the work force and more Boomers retire.

So, how is Generation Y faring? In the following sections we look at their education and their jobs, their dreams and aspirations, and their income, wealth and debt. Where possible, we have compared them with those of the same age 15 years ago – Generation X – so as to chart the rapid social changes that have been taking place.

Table 1 The generations – number and percentages of Australians, 2006

Generation	Born	Age in 2006 (years)	Number of persons (millions)	Percentage of total population (%)
Generation Z	1992-2006	0-14	4.0	19
Generation Y	**1976-1991**	**15-30**	**4.5**	**22**
Generation X	1961-1975	31-45	4.6	22
Boomers	1946-1960	46-60	4.0	20
Builders	1906-1945	61+	3.5	17
Overall	All	All	20.6	100

Note: Number of persons and percentages are rounded to nearest whole number.
Source: ABS 2006b, Population by Age and Sex, Australian States and Territories, cat no. 3201.0.

2. Leaving the nest

A common complaint of the parents of Gen Y is that they will not leave the parental home, with some parents reporting that they are resorting to downsizing the house while their children are on holidays overseas! At first glance, the results in Table 2 suggest that half of all Gen Ys still live in their parental home, up only marginally from the 46 per cent apparent 15 years earlier in 1989. But the big change is among those in their late twenties (see Figure 1). In 1989, only around one in every 10 people aged 25 to 29 years old still lived with their parents. Today that is up to almost two in every 10 in this age bracket. So, strikingly, almost one-fifth of 25 to 29 year olds are still living with their parents.

More than two-fifths of all 21 to 24 year olds still live with their parents, up slightly from the 39 per cent prevailing back in 1989. Interestingly, men aged between 16 and 29 years are more likely to stay at home with their parents than women. In 2004, some 57 per cent of those Gen Ys still living at home were male, with the remaining 43 per cent being female – a gender gap that has not changed during the past 15 years.

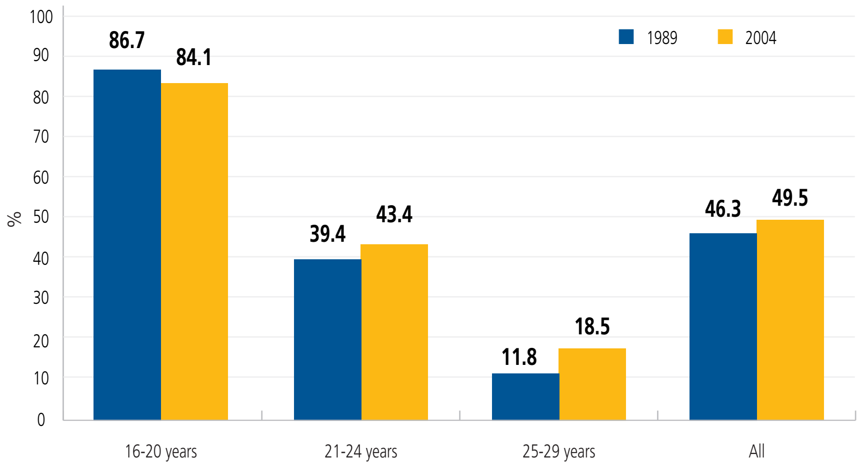
Table 2 Family type by age group, 1989 and 2004

Age group (years)	Still at home		Couple only		Couple with children		Single parent		Single		Group household	
	1989	2004	1989	2004	1989	2004	1989	2004	1989	2004	1989	2004
	%	%	%	%	%	%	%	%	%	%	%	%
16-20	86.7	84.1	1.9*	4.7	1.1*	1.7*	0.6*	2.9*	1.6*	1.0*	8.1	5.7
21-24	39.4	43.4	21.0	20.2	10.0	8.4	3.9	7.5	7.7	5.9	17.9	14.6
25-29	11.8	18.5	23.8	33.3	42.1	21.6	3.1	6.8	8.2	9.2	11.0	10.7
All	46.3	49.5	15.0	19.2	19.0	10.6	2.4	5.5	5.7	5.3	11.7	9.9

Notes: Population is all persons aged 16-29 years. The earlier ABS 1989 survey did not include information on persons aged 15, so we have removed 15 year olds from the 2004 data to make the data comparable. Mixed households (see Technical Notes) are excluded from this analysis. *These results should be treated with caution due to small cell sizes.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

Almost one-fifth of 25 to 29 year olds are still living with their parents.

Figure 1 Proportion of 16-29 year olds still at home by age group, 1989 and 2004.



Notes: Population is all persons aged 16-29 years. Mixed households are excluded from this analysis.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

So why are around 2 million Gen Ys still living with their parents? Is it that access to mum and dad's car and washing and catering services make it just too comfortable to leave home? Or are they studying hard and/or can't find jobs and so simply can't afford to move out?

Table 3 shows that seven out of every 10 Gen Ys still living in the parental home have jobs. This is a slightly higher proportion than ten years ago – and it suggests that some Gen Ys may be living at home for reasons such as saving for a deposit for their own home, or saving for the big overseas trip, or even to cut the costs of living when combining work and study. It may also be a reflection of the current housing market today with the highest rates of housing unaffordability in decades.

Table 3 Labour force status by age group for those persons aged 16-29 still in parental home, 1989 and 2004

Age group (years)	Employed		Unemployed		Not in the labour force	
	1989	2004	1989	2004	1989	2004
	%	%	%	%	%	%
16-20	60.9	64.2	7.8	7.9	31.3	27.8
21-24	81.6	83.4	10.7	6.7	7.7	9.9
25-29	87.3	77.3	2.7	8.2	10.0	14.5
All	67.9	70.6	7.9	7.7	24.2	21.7

Notes: Population is all persons aged 16-29 years still living in parental home. Mixed households are excluded from this analysis.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

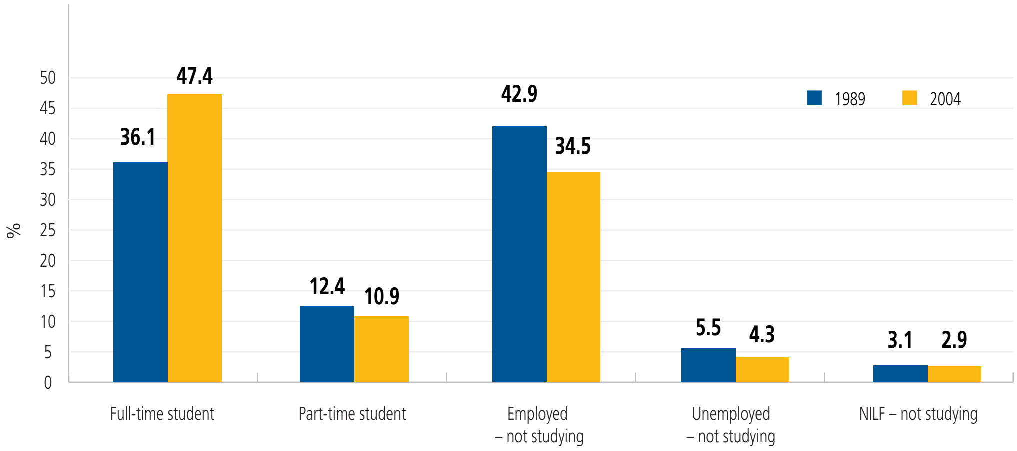
The work-study balancing act

The work/study juggling act is examined in more detail in Figure 2, which shows that almost half of all those Gen Ys still living with their parents are full-time students. This is up 11 percentage points since 1989, reflecting the increasing importance of education today. Another 11 per cent are part-time students so that, in total, around six in every 10 Gen Ys still at home are studying. Another 35 per cent of those Gen Ys still living with their parents are not studying but have paid jobs (Figure 2).

The appropriate balance between work and study is an issue of great concern to many Gen Ys. Moving from those still living at home to all Gen Ys, Table 4 shows us that today half of all Gen Ys in full-time study also have paid jobs. This is one of the big shifts that has occurred during the past 15 years, as back in 1989 around two-thirds of full-time students devoted all their attention to their studies and did not undertake paid work.

Today, about one-third of Gen Y full-time students are supplementing their incomes with modest amounts of paid work, amounting to less than about two days per week. Just over one in every 10 Gen Y full-time students is labouring under a full-time study load combined with 15 to 34 hours of paid work – and about four in every 100 are combining full-time study with full-time work. Table 4 also suggests that many Gen Ys are highly motivated to further their qualifications, with the overwhelming majority of part-time Gen Y students shouldering the dual burdens of a full-time job and part-time study.

Figure 2 Study and labour force status of those aged 16-29 still in parental home, 1989 and 2004



Notes: Population is all persons aged 16-29 years still living in parental home. Note that those who are full or part-time students (ie the groups covered in the first two sets of columns) may also be employed. For the final three columns, only those who are not studying are considered. This is, for example, why the 4.3 per cent who are unemployed in 2004 may differ from the proportion unemployed shown in Table 3 (because some students have categorised themselves as unemployed in Table 3, which considers only labour force status and not study status). NILF means "Not in the Labour Force". Mixed households are excluded from this analysis.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

Table 4 Study status by hours of work for 16-29 year olds, 1989 and 2004

Hours worked per week	Full-time student		Part-time student		Not studying	
	1989	2004	1989	2004	1989	2004
	%	%	%	%	%	%
Under 15 hrs	28.9	33.6	2.3	3.1	3.9	5.0
Part-time work (15-34 hrs)	5.4	11.8	5.5	14.3	6.6	10.8
Full-time work (35+ hrs)	2.7	3.8	84.5	70.7	68.9	64.4
Not working	63.0	51.0	7.8	11.9	20.6	19.8

Notes: Population is all persons aged 16-29 years. There are minor differences between the hours groupings for the numbers of hours worked per week in the two survey periods.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

The unlucky unemployed?

Returning again now to look at just those Gen Ys who have not yet flown the parental nest. About the same proportion of 16-29 year olds still living at home are unemployed now as was the case 15 years ago – that is, just under eight per cent (Table 3). The most noticeable change, however, is again for 25 to 29 year olds, with about eight per cent of all 25 to 29 year olds still living at home being unemployed. This is up from less than three per cent 15 years ago. This may be because more of this group entered the labour market during the first half of the 1990s, when the unemployment rate was much higher than it is today. Younger Gen Ys have been lucky enough to try to find their first jobs in a much more buoyant economy.

Left the nest, but still feeding

It seems that even those that have left the nest are still relying on mum and dad. According to evidence from a recently released ABS survey, which found that 57 per cent of parents with children aged between 18 and 24 years living outside the family home were still providing some type of financial support for these children (see Table 5). The most common type of support provided by these parents was money to pay bills or meet debts, with around 30 per cent of parents reporting rendering this type of assistance. Around 20 per cent of parents with 18-24 year olds living outside the family home are helping out with housing costs, providing or paying for food, buying or giving them money to buy big cost items, or driving them places. These figures are not surprising, given that a large proportion of 18-24 year olds are undertaking some type of study and consequently still falling under the umbrella of their parents' income and assets to access any government support such as youth allowance.

Table 5 Percentage of parents reporting support provided for children aged 18-24 years living outside the household by household type, 2006

Type of support	One family household with couple and dependent children	All other couples, one family households	One family households with one parent and dependent children	Lone person households	All persons with own children living outside the household
	%	%	%	%	%
Money to help pay rent and/or other housing costs	18.6	26.2	9.9*	26.0	21.2
Provide or pay for food	19.8	19.4	26.0	14.6	19.3
Provide or pay for clothing	13.9	16.4	16.9*	14.6	14.4
Pay for educational costs or textbooks	19.2	15.2	14.5*	13.6	15.1
Give them pocket money or an allowance	15.2	8.9	13.3*	15.2	11.6
Buy or give them money to buy big cost items	23.7	20.0	6.7*	17.4	18.2
Give them money to pay bills or meet debt	26.8	32.5	25.5	33.6	29.8
Let them borrow your car	19.2	17.0	20.3*	11.7	15.9
Drive them places	15.8	20.5	26.7	18.8	18.8
Other support	5.6*	3.0*	3.9**	3.0	3.5
No support provided	40.9	42.0	41.9	40.8	43.0

Notes: * Denotes estimate has a relative standard error of 25% to 50% and should be used with caution.
** Denotes estimate has a relative standard error greater than 50% and is considered too unreliable for general use.
Source: Australian Bureau of Statistics, 2006 General Social Survey: Summary Results, Cat no. 4159.0 pp.55.

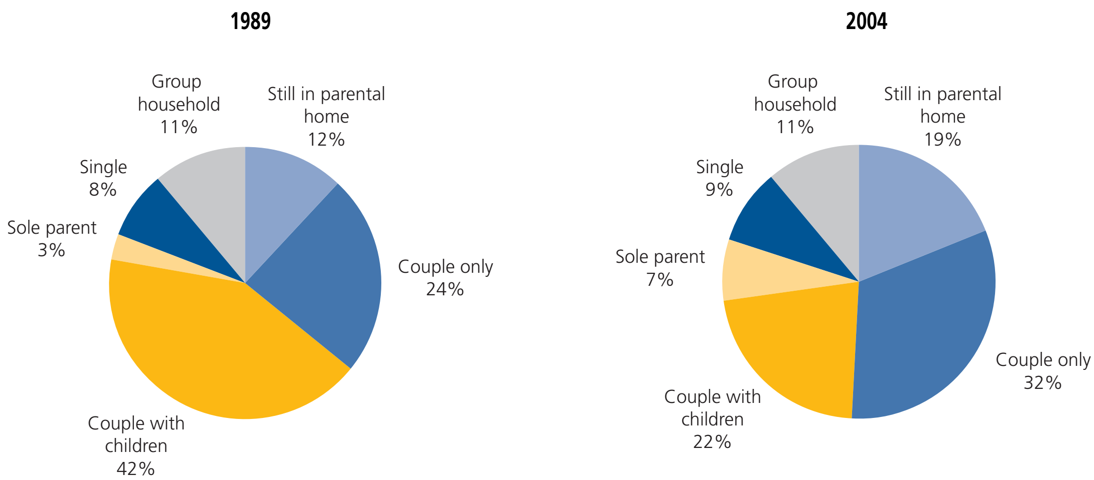
25 to 29 year olds today are much more likely to either still be living at home or be settling down with a partner, then having children.

Marriage but not children

While much of the discussion above has concentrated upon those Gen Ys who still live in the parental home, it is nonetheless true that half of Gen Y have already flown the parental nest. Table 2 shows us the type of households that Gen Ys currently live in – and reveals a picture of extraordinarily rapid change during the past 15 years. Perhaps contrary to popular myths, 16 to 29 year olds are about as likely to be single or to live in group households as they were 15 years ago. However, they are about twice as likely to be single parents as 16-29 year olds in 1989. But the key change is the dramatic decline in the proportion that live as couples with children, which has almost halved since 1989 (from 19 to 10.6 per cent).

This portrait of sweeping social change is most pronounced for the 25 to 29 year old Gen Ys, who are still settling down with a partner but are deferring children. As revealed in Figure 3, in 1989 more than two in every five 25 to 29 year olds belonged to couple with children families. By 2004, that proportion had plummeted to only one in every five 25 to 29 year olds. Instead of marrying and having babies, 25 to 29 year olds were much more likely in 2004 to either still be living at home with their parents or to be settling down with a partner. An important issue is whether Gen Y are just deferring having children or whether this is a more lasting behavioural trend – an issue to which we now turn.

Figure 3 Family type of 25-29 year olds, 1989 and 2004

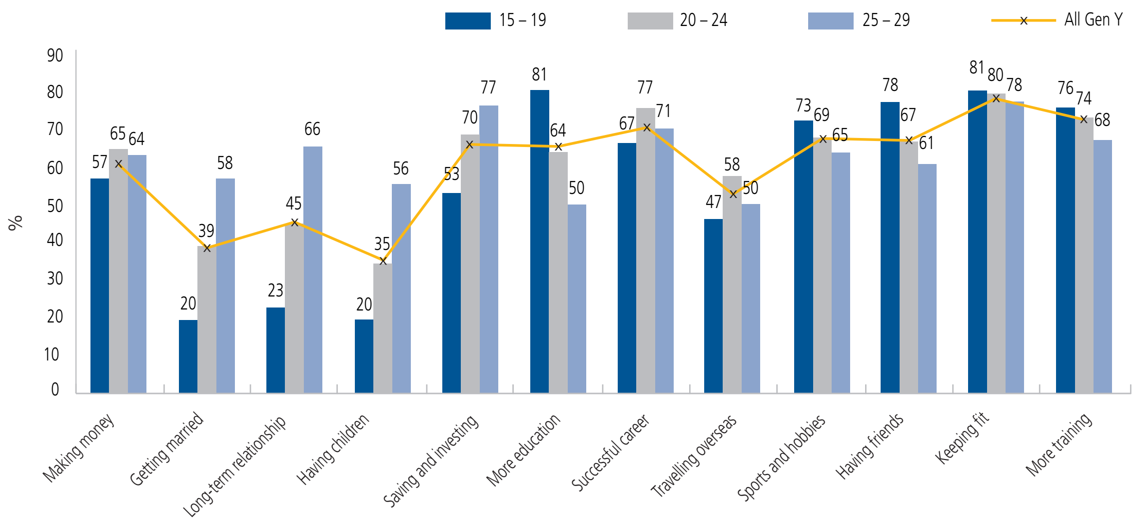


Notes: Population is all persons aged 25-29 years. Mixed households are excluded from this analysis.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

3. Great expectations

So what is currently important to Gen Y? Among 15 to 19 year olds, their top priorities in life are gaining more education and keeping fit (Figure 4). But priorities shift rapidly with increasing age so that, by age 25 to 29, friends have become relatively less significant while marriage and long-term relationships have become much more important. The proportion who consider saving and investing to be very important increases with advancing age, as does the importance of having children (Figure 4).

Figure 4 Proportion of Gen Y that considers various life aspects to be very important to them now, by age group, 2004

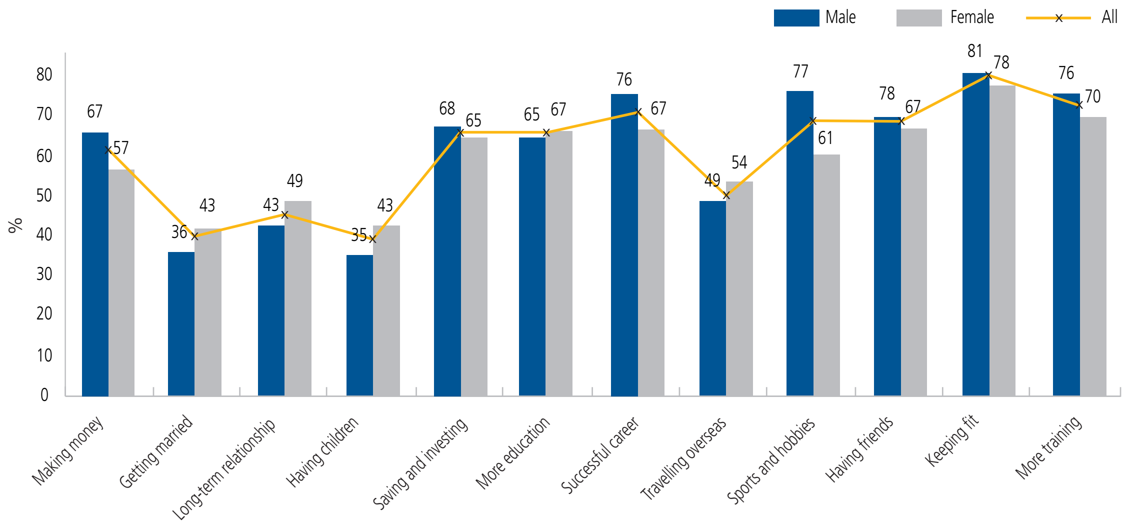


Notes: Very important is determined by those who have rated a particular aspect of their life as 7 or above in importance, on a scale of 0-10, with 0 being “Not at all important”, and 10 being “Very important”. Population is those persons aged 15-29 in 2004.
Data source: Household Income and Labour Dynamics of Australia (HILDA) Survey, 2004.

There are some pronounced differences by gender in what Gen Y want. Gen Y women are somewhat more likely than Gen Y men to regard marriage, long-term relationships and children as very important (Figure 5). Gen Y men are more likely to favour making money, having a successful career and sports and hobbies. Gen Y men and women are almost equally convinced of the importance of more education and saving and investing (Figure 5).

By 35, Gen Y men and women are in tune with what they want out of life.

Figure 5 Proportion of Gen Y that considers various life aspects to be very important to them now, by gender, 2004



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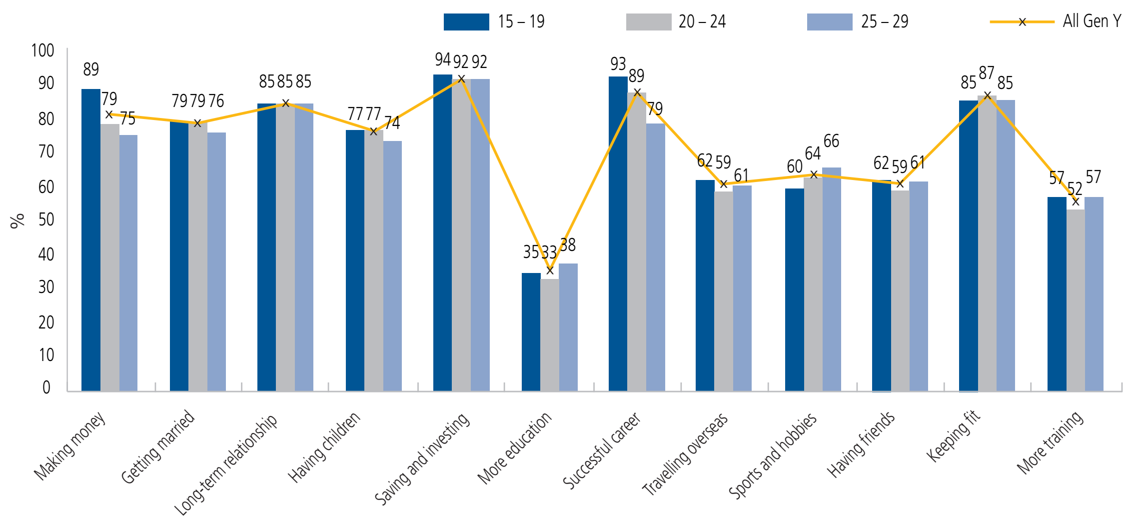
Data source: Household Income and Labour Dynamics of Australia (HILDA) Survey, 2004.

Fascinatingly, the HILDA survey also asked Gen Y what they thought would be very important to them by the time they hit the ripe old age of 35 years. A strong consensus emerges in Figure 6 about the things that are deemed likely to be important in a rounded life. For example, while the proportion considering marriage and long-term relationships very important increased sharply with advancing age in Figure 4, Figure 6 shows that even younger Gen Ys remain convinced about how important marriage will be in their lives in the future. Thus, about 85 per cent of both younger and older Gen Ys believe that a long-term relationship will be very important to them once they are in their mid 30s (Figure 6). Similarly, despite the dramatic decline in fertility noted above, around 75 per cent of both younger and older Gen Ys think that having children will be very important to them when they are 35 years old.

While they might not yet be too concerned about their finances, a striking 90 per cent of all Gen Y believe that saving and investing will be very important to them in their mid 30s — and about 80 per cent consider that making money will be. Gen Y also expect to be more concerned in the future about having a successful career, with around 85 per cent feeling this will be important to them by the time they hit 35 years.

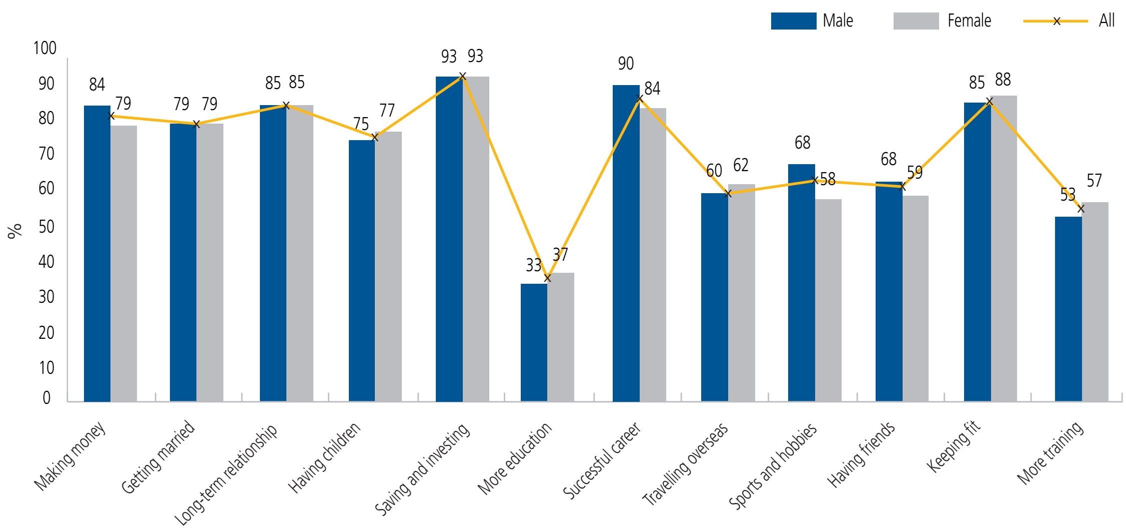
Many of the differences currently apparent between Gen Y men and women are expected by them to disappear by the time they reach their mid 30s (Figure 7). For example, while Gen Y women are currently significantly more likely than Gen Y men to consider long-term relationships and children very important, these gender differences appear likely to largely disappear by the time Gen Y hits 35 years (see Figures 5 & 7). Feminism and the mass entry to women into the labour force has clearly had a large impact, with 84 per cent of Gen Y women expecting a successful career to be very important to them by the time they are in their mid 30s. This is only slightly below the 90 per cent notched up by Gen Y men. So overall, although men remain a bit more obsessed by sport, Gen Y men and women seem to want much the same things in life.

Figure 6 Proportion of Gen Y that considers various life aspects likely to be very important to them at age 35, by age group, 2004



Notes: Very important is determined by those who have rated a particular aspect of their life as 7 or above in importance, on a scale of 0-10, with 0 being "Not at all important", and 10 being "Very important". Population is those persons aged 15-29 in 2004.
Data source: Household Income and Labour Dynamics of Australia (HILDA) Survey, 2004.

Figure 7 Proportion of Gen Y that considers various life aspects likely to be very important to them at age 35, by gender, 2004



Notes: Very important is determined by those who have rated a particular aspect of their life as 7 or above in importance, on a scale of 0-10, with 0 being "Not at all important", and 10 being "Very important". Population is those persons aged 15-29 in 2004.
Data source: Household Income and Labour Dynamics of Australia (HILDA) Survey, 2004.

27 per cent of employed Gen Y women are professionals or associate professionals, compared with only 20 per cent of employed Gen Y men.

4. Girl power

It is only 40 years since the "marriage bar" was lifted in the Australian Public Service – a rule which forced women to leave the public service when they got married. Today, as the Public Service Commissioner observes, Gen Y women are astounded that such a bar could ever have existed (Briggs, 2006). Gen Y expects and assumes equality. Indeed, on some indicators, the Gen Y "post-feminist" generation of women are now doing better than their male peers.

As Table 6 indicates, today Gen Y women are almost as likely to hold paid jobs as Gen Y men – and the gap between the two has narrowed over the past 15 years. Reflecting the relative erosion of the male labour market and the expansion of the female-dominated service sector, the unemployment rate of Gen Y men is today higher than that of Gen Y women, reversing the relative positions apparent 15 years ago.

Table 6 Labour force status by gender for those aged 16-29 years, 1989 and 2004

	Employed		Unemployed		Not in the labour force	
	1989	2004	1989	2004	1989	2004
	%	%	%	%	%	%
Male	78.5	75.9	5.8	7.3	15.8	16.8
Female	66.2	70.2	6.4	6.4	27.5	23.5
Total	72.3	73.1	6.1	6.9	21.6	20.1

Notes: Population is all persons aged 16-29 years that are employed. Mixed households are excluded from this analysis.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

While there is still debate about the "glass ceiling" facing women at the very top of the jobs ladder, Table 7 shows that, in 2004, 27 per cent of employed Gen Y women occupied jobs as professionals or associate professionals – up from 17 per cent only 15 years earlier. In contrast, only 20 per cent of employed Gen Y men were professionals or associate professionals in 2004 – a more marginal increase on the 14 per cent prevailing in 1989.

Table 7 Occupation of employed 16-29 year olds, by gender, 1989 and 2004

Occupation	Males 16-29 yrs		Females 16-29 yrs		All 16-29 yrs	
	1989	2004	1989	2004	1989	2004
	%	%	%	%	%	%
Managers and administrators	4.4	3.2	2.7	2.2	3.6	2.7
Professionals	9.2	10.7	10.6	17.4	9.9	13.9
Associate professionals	5.1	8.9	6.2	9.8	5.6	9.3
Tradespersons and related workers	33.7	23.6	4.2	3.0	20.2	13.9
Clerical and service workers	8.5	9.7	34.2	36.6	20.2	22.4
Intermediate production and transport workers	9.1	11.6	2.5	2.0	6.0	7.1
Elementary clerical, sales and service workers	11.1	13.9	30.1	25.2	19.8	19.2
Labourers and related workers	18.9	18.6	9.5	3.7	14.6	11.5
All occupations	100.0	100.0	100.0	100.0	100.0	100.0

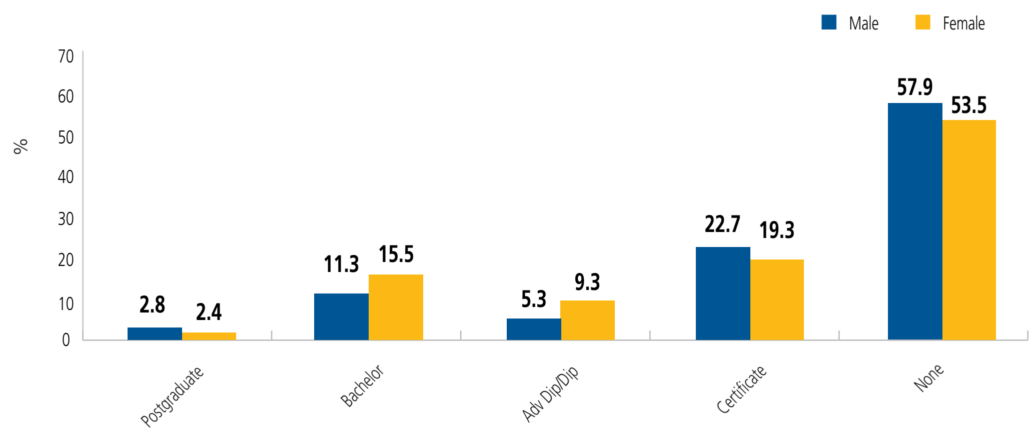
Notes: Population is all persons aged 16-29 years that are employed. There have been some minor changes to the Australian Standard classification of occupations which the ABS HES classifications are based on between 1988-89 and 2003-04.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

These changes are one consequence of Gen Y women outpacing Gen Y men in the education race. As Figure 8 shows, about 58 per cent of Gen Y men hold no post-school qualifications, compared with only about 54 per cent of Gen Y women. While Gen Y men are about as likely as Gen Y women to hold post-graduate qualifications, Gen Y women are significantly more likely to hold a bachelor's degree or a diploma.

At first glance, these results suggest that in 20 years time any remaining glass ceilings should have been shattered. Indeed, if current educational, employment and professional trends continued, women might well eclipse men at the top of the career ladder in the future. But the future career prospects of Gen Y women depend in part upon the decisions they make about having and raising children.

It is possible that Gen Y women might choose to have children and to stay at home with them on a full or part-time basis for considerable slices of time, or that it will become easier to combine motherhood with paid work – or even that Gen Y men will be encouraged through societal shifts and more flexible workplaces to become more involved in child rearing. Whatever the eventual outcome, there is no doubt that extended periods out of the work force to have and rear children dramatically reduces a woman's earnings and asset building potential (see for example, Breusch & Gray, 2004).

Figure 8 Level of highest non-school qualification for Gen Y, by gender, 2004



Notes: Population is those persons aged 15-29 years. Mixed households are excluded from this analysis.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

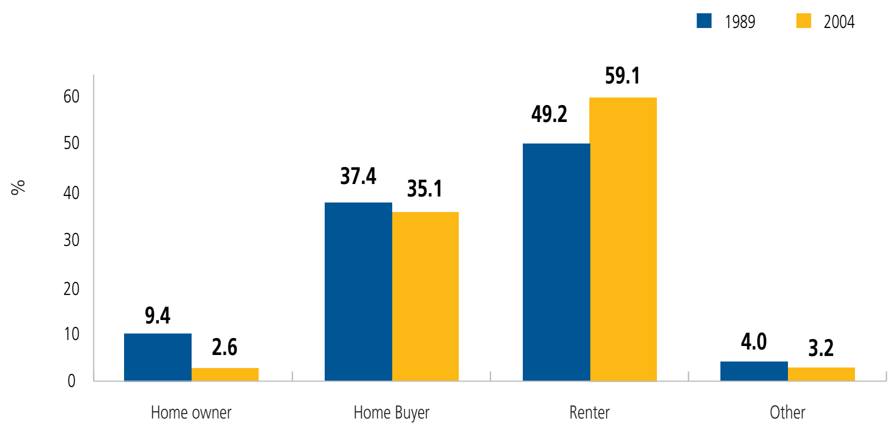
Most believe that they will start buying a residential property by the time they hit 30.

5. The great Australian housing dream

While Gen Y might be finding getting jobs relatively easy, other aspects of their lives are not going exactly to plan. In particular, they are finding it harder to leap the first home hurdle than previous generations. As Table 2 demonstrated, more 16 to 29 year olds have not managed to pack their bags and leave their parents behind when compared with the same age group 15 years ago.

Figure 9 shows us the housing status of the half of Generation Y who have left their parental home behind – even if only temporarily. It shows a sharp increase in the proportion who are renters, and a commensurate decline in the proportion who have bought or are purchasing their home. These changes may partly reflect the deterioration in housing affordability, but may also be a product of other changes, such as later marriage and the deferral of children.

Figure 9 Housing tenure of 16-29 year olds not living at home, 1989 and 2004



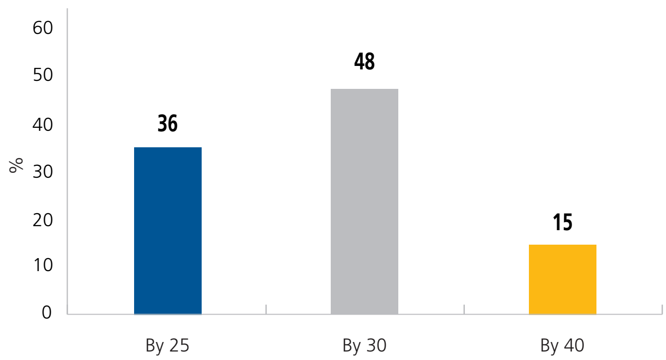
Note: Population is all persons aged 16-29 years excluding those still living in parental home.
Source: ABS 1988-89 and 2003-04 Household Expenditure Survey unit record data.

Will they ever own a home?

In 2004, around 38 per cent of 16-29 year olds were owners with or without mortgages – a decrease of around 10 percentage points since 1989 (see Figure 9). Yet according to the HILDA data, the great Australian dream of owning your own home is well and truly still alive, with 94 per cent of 15-29 year olds planning to own their own home.

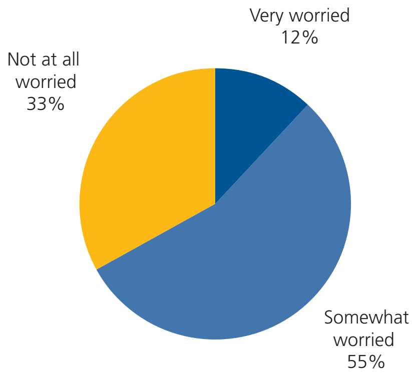
Most of this age group believe that they will start buying a residential property by the time they hit 30 (see Figure 10). However, most Gen Ys are worried about their ability to live out this dream, with 55 per cent stating that they are somewhat worried and 12 per cent very worried about their ability to buy a residential property at the age that they believe they will start buying one (see Figure 11).

Figure 10 Age at which Gen Y believe they will start buying a residential property, 2004



Note: Population is those persons aged 15-29 in 2004 who have not yet bought a residential property.
Data source: Household Income and Labour Dynamics of Australia (HILDA) Survey, 2004.

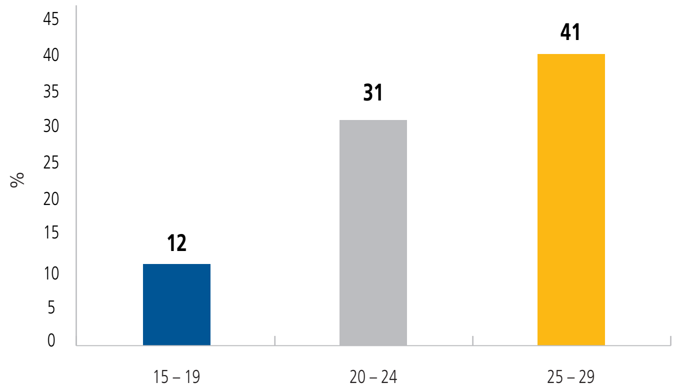
Figure 11 How worried Gen Ys are about their ability to buy a residential property at age they believe they will, 2004



Note: Population is those persons aged 15-29 in 2004 who plan to own residential property in the future and have not owned a residential property in the past.
Data source: Household Income and Labour Dynamics of Australia (HILDA) Survey, 2004.

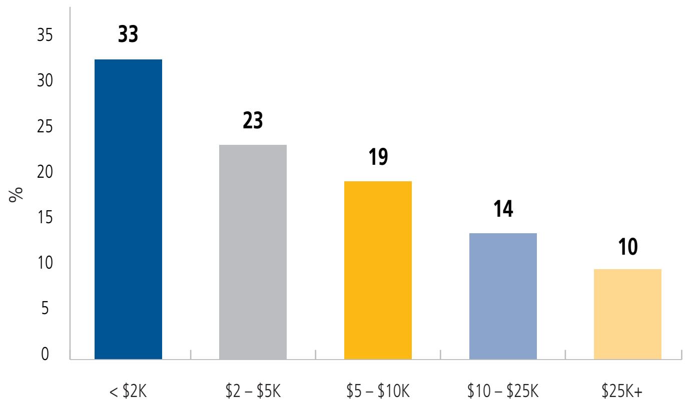
Not surprisingly, the older Gen Ys get, the more important purchasing a home becomes. Figure 12 shows that more Gen Ys in the 25-29 year age group have already begun saving for a deposit for a home (41 per cent). The HILDA data has also revealed that males are more likely to report savings for a home deposit than females, with 27 per cent of males reporting having savings for a deposit and 24 per cent of females. However, most Gen Ys have not yet got very far on saving their house deposit, with only one-quarter having managed to save more than $10,000 towards their deposit (Figure 13).

Figure 12 Proportion of Gen Ys who have begun saving for a deposit, by age group, 2004



Note: Population is those persons aged 15-29 in 2004 who plan to own residential property in the future and have not owned a residential property in the past.
Data source: Household Income and Labour Dynamics of Australia (HILDA) Survey, 2004.

Figure 13 Amount of savings for house deposit, Gen Y, 2004



Note: Population is those persons aged 15-29 in 2004 who plan to own residential property in the future, have not owned a residential property in the past and have begun saving for a deposit.
Data source: Household Income and Labour Dynamics of Australia (HILDA) Survey, 2004.

6. Money issues

Income

Looking first at those Gen Ys still living in the parental home, most appear to be making a positive contribution towards the household's cash income. Among the 85 per cent of 15 to 19 year olds who are still living with their parents, wages amount to $106 a week on average (Table 8). This climbs sharply for older Gen Ys, with wages for 20 to 24 year olds still in the family nest reaching $389 a week on average — and $498 a week for 25 to 29 year olds still at home. Table 8 suggests that relatively few are still at home and reliant on the social safety net for their income, with average government benefits amounting to just under $48 a week for 25 to 29 year olds still at home and only about $20 or less a week among younger Gen Ys.

Whilst women's labour force participation has increased substantially over the past 15 years and they now have more post-school qualifications than men of this age group, Table 9 shows that there are still large differences between what full-time employed men and women take home each week in their pay packet, even when they are working in the same occupations. Gen Y men are on average earning more income each week than Gen Y women in every broad group occupation classification, ranging from an extra $34 per week for professionals to $135 per week for elementary clerical, sales and service workers. Unfortunately there is still extensive evidence showing that the gender wage gap in Australia is well and truly alive, with estimates of a 15 per cent wage difference between Australian men and women (National Institute of Labour Studies, 2006).

The top of the tree

While the incomes of the youngest Gen Ys may be well below the Australian average, many of the older Gen Ys cannot be ignored by marketing gurus, as they are in two income households and raking in the dollars. Table 10 takes the 2.2 million persons living in households headed by a Gen Y, ranks them by the total income of their household, and then divides them into five equally sized groups, with the poorest one-fifth of Gen Y persons in households in the bottom quintile and the most affluent one-fifth in the top income quintile. There are around 440,000 persons in Gen Y households in each of these income quintiles. Table 10 shows that the most affluent 20 per cent of persons living in households headed by a Gen Y have annual gross household incomes of almost $120,000 a year, or some $2,255 a week. Not surprisingly, older Gen Ys are much more likely to scale the income heights than younger Gen Ys, with 77 per cent of those in this top quintile being in households headed by a 25 to 29 year old and 22 per cent being in households headed by a 20 to 24 year old.

The next most affluent quintile have average gross household incomes of around $75,000 a year, while the poorest 20 per cent get by on household incomes of around $21,000 a year (Table 10).

Many of the older Gen Ys cannot be ignored by marketing gurus, as they are in two income households and raking in the dollars.

Table 8 Average personal weekly income by age and living arrangement for Gen Ys, 2004

Age of person	Living arrangement	Mean weekly income: Wages & Salary	Government benefits & allowances	All sources
		$	$	$
15-19	Still at home	106	15	124
	Couple only	239	31	308
	Couple with children	-	-	-
	Single parent	-	-	-
	Single	-	-	-
	Group household	203	48	276
	All	114	19	139
20-24	Still at home	389	21	422
	Couple only	499	19	534
	Couple with children	273	89	367
	Single parent	262	160	465
	Single	579	38	634
	Group household	423	27	504
	All	406	39	466
25-29	Still at home	498	48	577
	Couple only	755	2	818
	Couple with children	386	75	505
	Single parent	308	229	573
	Single	678	34	784
	Group household	630	10	723
	All	569	50	672
All	Still at home	225	20	254
	Couple only	634	10	687
	Couple with children	346	80	461
	Single parent	269	181	487
	Single	620	37	706
	Group household	473	23	557
	All	355	36	416

Notes: Population is all those persons aged 15-29 years in 2004. Mixed households are excluded from this analysis. Missing cells are those where the sample size is too small for results to be reliable. All sources means total weekly income from all sources, and comprises of income earned from wages & salaries, government benefits and allowances, income received from investment income and other income.
Source: ABS 2003-04 Household Expenditure Survey unit record data.

Table 9 Mean employee weekly income for full-time Gen Y workers, by sex and occupation, 2004

	Occupation	Mean weekly income ($)
Male	Managers and administrators	856
	Professionals	904
	Associate professionals	756
	Tradespersons and related workers	611
	Clerical and service workers	706
	Intermediate production and transport workers	748
	Elementary clerical, sales and service workers	647
	Labourers and related workers	593
Female	Managers and administrators	-
	Professionals	870
	Associate professionals	658
	Tradespersons and related workers	-
	Clerical and service workers	610
	Intermediate production and transport workers	-
	Elementary clerical, sales and service workers	512
	Labourers and related workers	-
All	Managers and administrators	878
	Professionals	885
	Associate professionals	712
	Tradespersons and related workers	600
	Clerical and service workers	635
	Intermediate production and transport workers	742
	Elementary clerical, sales and service workers	568
	Labourers and related workers	578

Notes: Population is all those persons aged 15-29 years in 2004. Mixed households are excluded from this analysis. Missing cells are those where the sample size is too small for results to be reliable. Mean income is derived from total current weekly employee income only.
Source: ABS 2003-04 Household Expenditure Survey unit record data.

Table 10 Average weekly gross household income for Gen Y households by age of household reference person and income quintile, 2004

Gross income quintile	Age of Household Reference Person		Average weekly gross household income within quintile
	20-24	25-29	
	Number of persons in quintile	Number of persons in quintile	$
1 (bottom 20%)	190,000	211,000	404
2	133,000	278,000	791
3	107,000	330,000	1,102
4	119,000	314,000	1,445
5 (top 20%)	100,000	349,000	2,255
All	648,000	1,482,000	1,203

Notes: Population is people living in households where the reference person is aged 15-29 years. Mixed households are excluded from this analysis. Income quintiles have been calculated by using all households where the reference person is aged 15-29 years. However, due to small sample sizes for those households with a reference person aged 15-19 years, these results have not been included separately in this table.
Source: ABS 2003-04 Household Expenditure Survey unit record data.

Wealth

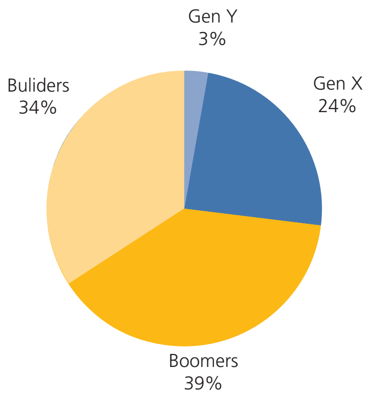
Figure 14 shows an enormous divide in Australian generational wealth. Whilst 9.6 per cent of Australian households are headed by a Gen Y, they hold only 3 per cent of Australia's net worth (see Figure 14). Baby boomers are the generation holding the majority of the nation's wealth at 39 per cent, with the Builders coming in a close second at around a third[2]. Generation X isn't doing too badly either, holding around a quarter of Australia's wealth. Already delaying purchasing their biggest asset – the family home – Gen Y may find it difficult to bridge this gap and catch up with the rest of Australia.

Table 11 supports how little Generation Y has salted away, particularly when you delve down into household quartiles.

Those households headed by a Gen Y that fall into the poorest wealth quartile only have on average a net worth of $6,315 per person. In contrast, Boomers in this quartile hold on average $65,660 per person of net worth. Gen Ys living in the richest quartile aren't faring too badly, with each person averaging around $212,000 each of net worth, but most Gen Ys still need more time to build their nest eggs.

Breaking Gen Y's wealth down into major asset classes, it is clear that this group of people is only really establishing themselves in the world. The most valuable thing they own is their car, and most of them are yet to enter the property market. Gen Y persons hold more wealth on average in the form of "other wealth" than any other asset. Other wealth comprises contents of the family home, vehicles and other assets (see table 12).

Figure 14 Share of total household net worth, by age of household reference person, 2004



Notes: Mixed households are excluded from this analysis. A definition of "net worth" is provided in the technical notes. The percentages in the figure are shares of total wealth. Looking at household shares rather than wealth shares, 9.6% of households are those where the reference person is a Gen Y (15-29 year olds), 33.9% are households where the reference person is a Gen X (31-44 year olds), 30.4% are households where the reference person is a Boomer (45-59 year olds), 26.1% are households where the reference person is a Builder (61+ year olds).
Source: ABS 2003-04 Survey of Income and Housing Costs unit record data.

Table 11 Average net worth per adult, by age of the household reference person, Australia, 2004

Age group of household reference person	Average net worth per person quartile				Average within age group
	1st Quartile (Poorest 25%)	2nd Quartile	3rd Quartile	4th Quartile (Richest 25%)	
	$	$	$	$	$
Gen Y	6,315	28,805	75,965	211,835	80,880
Gen X	30,735	109,515	193,980	476,475	202,690
Boomers	65,660	198,165	339,070	851,105	363,610
Builders	65,620	197,655	337,050	1,014,440	403,820
All	48,135	151,720	264,195	705,445	292,480

Notes: Mixed households and group households are excluded from this analysis. The quartiles are based on per person net worth within each age group. A definition of net worth per adult person is provided in the technical notes. Each single person or partner within a couple household within each age range is ranked by their per adult net worth and then assigned to an age-specific quartile. The poorest 25% of adults within an age band are assigned to Quartile 1 and the richest 25% to Quartile 4. Numbers have been rounded to the nearest $5.
Source: ABS 2003-04 Survey of Income and Housing costs unit record data.

Table 12 Average net worth per Gen Y person, by asset class, 2004

Age group of reference person	Average net worth per person				
	Home equity	Superannuation	Other financial assets	Other wealth	Total net worth
	$	$	$	$	$
15-19	2,240	880	550	8,010	11,680
20-24	12,870	5,075	3,390	21,025	42,360
25-29	37,920	11,775	9,135	38,360	97,190
All	30,560	9,770	7,440	33,110	80,880

Notes: Mixed households and group households are excluded from this analysis. "Other financial assets" comprises the value of accounts held with financial institutions, the value of other property, trusts, shares, debentures and bonds, and own incorporated business (net). "Other wealth" comprises contents of the family home, vehicles and other assets not included earlier. Numbers have been rounded to the nearest $5.
Source: ABS 2003-04 Survey of Income and Housing Costs unit record data.

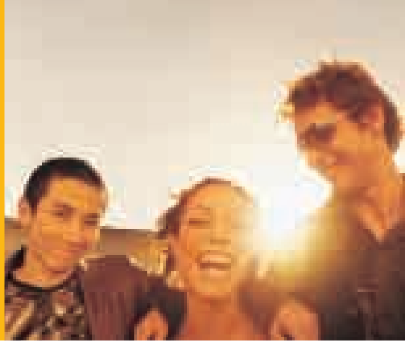


Table 13 Average net worth per Gen Y person, by household type and asset class, 2004

Household type	Average net worth per person				
	Home equity	Superannuation	Other financial assets	Other wealth	Total net worth
	$	$	$	$	$
Couple only	35,390	10,750	10,615	33,270	90,025
Couple with children	32,835	9,580	2,135	36,350	80,900
Single parent	14,810	6,810	2,000	27,275	50,895
Single male	21,220	10,355	13,085	35,810	80,470
Single female	20,615	6,900	6,705	22,690	56,910
All	30,560	9,770	7,435	33,115	80,880

Notes: Mixed households and group households are excluded from this analysis. "Other financial assets" comprises the value of accounts held with financial institutions, the value of other property, trusts, shares, debentures and bonds, and own incorporated business (net). "Other wealth" comprises contents of the family home, vehicles and other assets not included earlier. Numbers have been rounded to the nearest $5.
Source: ABS 2003-04 Survey of Income and Housing Costs unit record data.

Table 13 shows that Gen Ys residing in couple only households are more likely to have on average greater amounts of home equity and superannuation than those living in other household types. This is not surprising, as those in couple only households are likely to have been employed longer than those living in couple with children households and as a result have gained more superannuation.

Those in couple only households are also usually in a better financial position to buy and pay off a home, as both members are likely to be working full-time. Single men do much better than single women in all asset classes, particularly superannuation, other financial assets and other wealth. Single men are more likely to hold more superannuation than females which is likely to be due to their higher attachment to the labour force.

Gen Y is not spending great proportions on recreation and personal care, but large chunks of their expenditure are going towards housing and transport costs.

Men are more likely than women to enter the full-time workforce earlier in life due to their occupation choices mentioned in section 4, whereas women are more likely to spend longer periods in education, working only part-time and accumulating much smaller amounts of super. Women are also more likely than men to have extended breaks from the workforce when a child is introduced into the equation, which again reduces their ability to accumulate super. Single men have on average more "other wealth" than single women – $35,810 compared with $22,690. This is likely to be due to males having more expensive motor vehicles than females, with males tending to place more value on high-priced cars than females. Single men also have on average more "other financial assets" than single women possibly due to the higher propensity of men playing the stock market or owning their own business.

Spending and debt

It is often assumed that Gen Y is a frivolous bunch, spending their money on selfish indulgences – and going into debt if necessary to meet their every want. How true is this preconceived idea of Gen Y? Table 14 shows these beliefs to be far from the truth, with Gen Y's expenditure being little different to the same age group 15 years ago. Gen Y is not spending great proportions on recreation and personal care, but large chunks of their expenditure are going towards housing and transport costs. Table A-1 (see Appendix) reinforces the large amounts that Gen Y are paying out per week in housing costs compared with all generations – $200 compared with $144 per week. Table 14 also shows that Gen Y's expenditure on superannuation and life insurance is lower than the same age group 15 years ago, a product of the compulsory superannuation guarantee and less need for voluntary contributions.

Table 14 Household expenditure item as a proportion of total household expenditure for Gen Y households, 1989 and 2004

Expenditure item	Age of household reference person					
	1989			2004		
	20-24 yrs	25-29 yrs	All 16-29 yrs	20-24 yrs	25-29 yrs	All 16-29 yrs
	% of total exp	% of total exp	% of total exp	% of total exp	% of total exp	% of total exp
Housing costs	19	17	18	22	21	21
Domestic fuel & power	2	2	2	2	2	2
Food & non-alcoholic beverages	15	15	15	14	13	13
Alcoholic beverages	5	3	4	3	2	2
Tobacco products	1	1	1	1	1	1
Clothing & footwear	5	4	5	4	3	3
Household furnishings & equipment	6	7	7	8	5	5
Household services and operation	3	4	4	5	5	5
Medical care & health expenses	2	3	3	2	3	2
Transport	16	14	14	15	14	14
Recreation	11	10	10	11	10	11
Personal care	2	2	2	2	2	2
Miscellaneous goods & services	7	7	7	7	7	7
Mortgage repayments – principal	1	2	2	3	5	5
Other capital housing costs	3	7	6	2	6	5
Superannuation & life insurance	2	3	3	1	1	1
Total expenditure	**100**	**100**	**100**	**100**	**100**	**100**

Notes: The 15-19 year group has not been included separately here due to small sample sizes, which result in high standard errors however it is included in the "All Gen Y" group. Population is all households with a reference person aged 16-29 years and all households for the "All ages" column. Mixed households and group households are excluded from this analysis.
Source: ABS 2003-04 Household Expenditure Survey unit record data.

Households headed by a Gen Y owe around $60 billion, the lowest amount of total debt for all generations, but still a sizeable amount, considering that only around 9.6 per cent of Australian households are headed by a Gen Y. The majority of this debt – around 75 per cent is what they owe on their mortgage (Table A-2 Appendix). Around 72 per cent of Gen Y households have some form of debt, and the average total debt for those with any debt is around $92,000 per household (Table 15).

With only 37 per cent of Gen Y households burdened with a mortgage, Gen Y households are more likely to hold credit card debt than any other form of debt, with an average of $2,800 per household with any credit card debt, owing on the credit card statement (Table 15). Almost a quarter of Gen Y households have a HECS debt – not surprisingly the largest for any of the generations. And of those Gen Y households that do hold a HECS debt, the average owing is $10,580 (Table 15). Only around 30 per cent of households headed by a Gen Y owe money for a car, and the average amount of vehicle debt for Gen Y households is $13,611 (Table 15).

Table 15 Average amount of debt for those households with selected debts and proportion of households with that particular debt by age of household reference person, 2004

Age group of household reference person	Any debt	Average total debt	Any credit card debt	Average credit card debt	Any home mortgage	Average home mortgage	Any HECS debt	Average HECS debt	Any vehicle debt	Average vehicle debt
	%	$	%	$	%	$	%	$	%	$
20-24	62	63,097	43.5	2,235	23.2	153,486	25.9	10,102	31.3	11,500
25-29	77.2	103,692	61.5	2,971	43.9	154,829	21.8	10,991	29.3	14,517
All Gen Y	71.9	91,951	55.3	2,799	37.1	154,520	23	10,580	29.4	13,611

Notes: Mixed households are excluded from this analysis. The population for proportions of those with a particular type of debt is all households where the reference person is aged 15-29 years. The population for averages is only those households holding that particular debt. For example, the average HECS debt for all Gen Y of $10,580 comes from only those households holding ANY HECS debt. The 15-19 year group has not been included separately here due to small sample sizes, which result in high standard errors, however, it is included in the "All Gen Y" group. Total debt comprises of amounts owing on credit cards, investment loans, rental property loans, mortgages, HECS and vehicles.
Source: ABS 2003-04 Survey of Income and Housing Costs unit record data.

7. Conclusions

Generation Y is a generation like none ever seen before. They have grown up in a time where social values and attitudes have experienced major shifts. They think differently and behave differently. They are educated, hard working, child free, optimistic and asset poor.

Gen Ys (particularly male Gen Ys) have a tendency to stay longer in the parental home, especially those aged in their late 20s, than compared with the same age group 15 years ago. However, despite the view that this group is "sponging" from their parents and benefiting from a live-in free housekeeper, the majority of those still at home with mum and dad are either employed or studying – even more so than those in the same group 15 years ago. Whether their propensity to stay at home is an inability or reluctance to leave is a question that cannot be answered here. Whatever the answer though, the implications of this trend are many – for both the Gen Ys living at home and the Baby Boomer parents supporting them.

Gen Y's multi-tasking abilities are confirmed by the 50+ per cent of this generation undertaking full-time studies as well as paid jobs. Only 37 per cent of Gen Xs tried to manage a full-time study load and a paid job at the same point in life.

One of the most defining characteristics of Gen Y is the type of households that they live in – most notably the decrease in this age group living as couples with children compared with the same age group 15 years ago. This deferment of having children appears to be just that, given the groups reported importance placed on having children by the age of 35. It is likely then that Gen Y will do in their 30s exactly what their Baby Boomer parents did in their 20s – get married, start a family and possibly buy that dream home (but more likely all on a smaller scale).

Gen Ys still hold on to the great Australian dream of one day owning their own home, yet many are sceptical about being able to achieve this dream, and very little has been done in the way of savings to realise it, with most Gen Ys having saved a meagre $10,000 or less. Their spending habits and debt do not reflect irresponsible money management, but rather high housing costs for this age group, and an inability (or reluctance) to enter the property market. The high cost of housing for Gen Y is reinforced by the 21 per cent of parents with 18-24 year old children outside the home reporting providing money to help pay rent and other housing costs.

Gen Y women are the product of a post-feminist era – and are undeniably doing better in their education and employment than any other female generation and in some cases their Gen Y male counterparts. They hold more post-school qualifications than their male peers, have increased their presence in the labour market markedly over the last 15 years and a larger proportion are employed as professionals or associate professionals when compared with Gen Y men. Yet, despite this new found girl power, single Gen Y women are still holding on average around $25,000 less in assets then single Gen Y men. Of course much of this is probably due to Gen Y women continuing on with higher education and ceasing work to have children, but it still appears that Gen Y women will always be on the back foot trying to catch up with the Gen Y men as they juggle career, baby and diploma.

Appendix

Table A-1 Average weekly household expenditure by age of the household reference person and type of expenditure, 2004

Expenditure item	Age of household reference person			
	20-24 yrs	25-29 yrs	All Gen Y	All ages
	$ per week	$ per week	$ per week	$ per week
Housing costs	168	216	200	144
Domestic fuel & power	17	20	19	24
Food & non-alcoholic beverages	106	135	126	152
Alcoholic beverages	23	25	24	22
Tobacco products	11	12	12	11
Clothing & footwear	33	31	32	35
Household furnishings & equipment	62	50	53	53
Household services and operation	40	51	47	54
Medical care & health expenses	14	28	24	47
Transport	113	151	138	137
Recreation	86	110	102	114
Personal care	12	17	15	17
Miscellaneous goods & services	55	74	68	78
Mortgage repayments-principal	24	57	47	38
Other capital housing costs	13	63	48	68
Superannuation & life insurance	4	10	8	23
Total expenditure	**779**	**1,050**	**964**	**1,016**

Notes: The 15-19 year group has not been included separately here due to small sample sizes; however it is included in the All Gen Y group. Mixed households and group households are excluded from this analysis. Population is all households with a reference person aged 15-29 years and all households for the All ages column.
Source: ABS 2003-04 Household Expenditure Survey unit record data.

Table A-2 Total debt and percentage of total debt by debt item and age of household reference person, 2004.

	Generation Y		Gen X		Boomers		Builders	
	$ (bn)	% of total debt	$ (bn)	% of total debt	$ (bn)	% of total debt	$ (bn)	% of total debt
Credit cards	1.5	2.6	6.0	2.5	5.3	3.4	1.6	7.1
Investment loan	0.9	1.5	7.0	2.9	9.0	5.8	1.4	6.0
Rental property	5.5	9.1	41.5	17.3	46.3	30.2	10.7	47.6
Mortgage	45.2	75.3	172.9	72.2	83.9	54.8	7.5	33.5
HECS	3.0	5.0	2.4	1.0	2.7	1.8	0.4	1.8
Vehicles	3.9	6.5	9.7	4.1	6.2	4.0	0.9	4.0
Total debt	60.0	100.0	239.5	100.0	153.4	100.0	22.5	100.0

Notes: Mixed households are excluded from the analysis. Total debt comprises of amounts owing on credit cards, investment loans, rental property loans, mortgages, HECS and vehicles. Households are classified by the age of household reference person. Note that debt is calculated at a household level and includes the debt of all persons living in that household, consequently some debt amounts may be misleading. For example, the $2.7bn HECS debt owing by baby boomer households would largely be due to HECS debt held by their children still living at home.
Source: ABS 2003-04 Survey of Income and Housing Costs unit record data.

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Technical notes and definitions

ABS data

Much of the data used in this report is drawn from the Household Expenditure Survey and Survey of Income and Housing for 2003-04. The Australian Bureau of Statistics releases this data to academics in a confidentialised format, which ensures that individuals cannot be identified. About 7,000 households took part in the survey.

Household reference person

The ABS select the reference person for each household by applying the selection criteria below to all household members aged 15 years and over in the order listed until a single appropriate reference person is identified:

- One of the partners in a registered or de facto marriage, with dependent children.
- One of the partners in a registered or de facto marriage, without dependent children.
- A lone parent with dependent children.
- The person with the highest income.
- The eldest person.

For example, in a household containing two non-related people, the one with the higher income will become the reference person. However, if both individuals have the same income, the elder will become the reference person.

Mixed households

Mixed households are excluded from the analysis due to small sample sizes. These households comprise of multiple family households with or without dependent children.

Net worth per adult

To present a picture of net worth and financial assets that is not biased towards couple households, the value of net worth and financial assets has been divided by the number of adults present in the household. The effect of this is to halve the assets of couples. Multiple family households and group households have been excluded from the calculation. Where there are adult dependent children still living at home, they have not been assigned any of the household assets. That is, for single person households their net worth is the same as their household net worth while, for couple households, the total household net worth has been split equally between the two partners in the couple.

Net worth

The definition of net worth is broader than the definition of wealth used in earlier AMP.NATSEM reports. While it is still defined as the difference between assets less liabilities, it is defined on a household basis (including children's assets) and there are a greater range of assets and liabilities.

Assets

The assets are the value of accounts held with financial institutions, owner-occupied dwelling, other property, trusts, shares, superannuation, debentures & bonds, own incorporated business (net), contents of dwelling, vehicles and other assets.

Liabilities

The liabilities are the principal outstanding on loans for owner-occupied dwellings, other property, investment loans, loans for vehicle purchases, loans other purposes, amount owing on credit cards, debt outstanding on study loans.

The net worth in this report differs from published ABS figures as a number of household groups have been removed from the data used in some sections of this report. For example, multi-family households were removed.

In many cases, per capita net worth is shown in the tables, so that a more accurate comparison can be made between the circumstances of couples and singles. In these cases, the net worth of couples has been split equally between the two of them.

Financial assets

Financial assets have been used to show the household value of assets that either produce income or can be easily converted to cash. Essentially, it removes the family home, vehicles and the value of the contents of the home from net worth. This means the definition of "financial assets" is the sum of the value of accounts held with financial institutions, the value of other property, trusts, shares, superannuation, debentures & bonds and own incorporated business (net).

1. The age ranges used for much of this analysis (based in 2004) are 15-29 years for Generation Y, 30-44 years for Generation X, 45-59 years for Baby Boomers and 60+ for the Builders. The age groupings will not essentially match what years we do consider these groups to fall into (see Table 1) as the age groupings available on the HES do not allow for this. Where the 1989 HES and 2004 HES are compared, the age ranges change again, due to age grouping differences – the age ranges used here are 16-29 years in both periods.
2. Note that these figures differ from those in our last AMP.NATSEM report (Kelly and Harding, 2007), which defined boomer households as those headed by a persons aged 45 to 64 years, rather than the 45 to 59 year age range used here. This was because the earlier report was designed to look at those just below retirement age.

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