Will young Australians be better off than their parents?

By Frankie Rodney

The Foundation for Young Australians (FYA) has initiated a research program entitled Unlimited Potential: a data and information resource on young Australians.

The program was born in response to concerns that amongst all the policy debate regarding how Australia should deal with its ageing population, there has been too little discussion surrounding the young people who will have to deal with the consequences.

The program has released a number of reports, one of which asks the question – will young Australians be better off than their parents? The report, Renewing Australia's Promise, looks at a number of factors:

- Work and incomes
- Education
- Housing
- Government services
- Health
- Environment

"Young people today are almost 1.6 times more likely than their parents to have graduated high school..."

Work and Incomes

While median wages for young people are slightly higher now than they were in 1985, shockingly, the wage gap between men and women has increased. Australians in other age groups have also felt larger wage increases than those in the 15-24 year age bracket.

Youth unemployment is high – higher than 13 per cent in fact – but similar figures were experienced in the mid 1980's by their parents.

Behind the scenes, the current situation is much worse, due to the number of young people underemployed (employed below their skill level or not working as many hours as they would like).

Education

Young people today are almost 1.6 times more likely than their parents to have graduated high school, and have consequently received more education, if going on time spent at school. Rates of students participating in tertiary study are also greater. However if you consider the quality of the education, the stats aren't quite as good.

While there is no data available all the way back to 1985, data from 2000 shows that our high school students' performance is slipping. There is also a large number of young people who are over-educated for the jobs they hold, which indicates that their education is not well suited to the job market.

Housing

It is considerably more difficult to enter the housing market today than it was 30 years ago - the ratio of average house prices to income is more than double what it was.

In 1985, houses cost around 3.2 times the average income – the rate is now 6.5.

As a result, young people entering the property market are likely to have much larger levels of debt than their parents did. In fact, housing debt has increased from 27 per cent of the average income in 1985, to a whopping 136 per cent of average income today.

Government Services, Health & Environment

As a result of our ageing population, the young people of today will find, as they get older, that the demand for government services will increase. The level of taxes they pay and the quality of the services they receive will suffer as a result.

"In 1985, houses cost around 3.2 times the average income – the rate is now 6.5."

Luckily, today's young people can expect to live longer, and healthier, than their parents. Men's life expectancy has increased by over five years and women's has increased by over four.

There has been progress with some of our largest killers – cancer and heart disease – but the growing prominence of mental health issues is a concern.

It is unlikely that the environment will be as kind to our future generations as it may have been to their parents. Climate change is likely to have a big impact on Australia, which may get hotter and drier, which will in turn affect the economy.

The threat of bushfire and drought will be higher and our agriculture and water resources will be under increasing strain.

So although our general health and wellbeing have made some advances, there are significant challenges which need to be addressed in order to assist the progress of our young people. If we fail, this will be the first generation of Australians to ever fare worse than their forebears. ■

WILL YOUNG AUSTRALIANS BE BETTER OFF THAN THEIR PARENTS?

22%
Only 22 per cent of young Australians expect their life experience will be better than their parents.

1.5
The number of working-age people for every non working-age person in 2050 – down from two in 2012.

30%
Close to 30 per cent of young people are unemployed or underemployed.

80%
Young people will pay an 80 per cent higher share of their disposable income towards housing loan interest than their parents.

1.6
Young people are 1.6 times more likely to complete year 12 than their parents.

3
Young Australians are taking on three times as much debt as their parents once did to buy their first homes.

6.8%
Young Australians earn 6.8 per cent more than their parents did at the same age after adjusting for inflation.

18%
Young Australian women face a gender pay gap of 18 per cent that has not improved since their mothers were entering the workforce.

24k
Today's young people will start their careers with more than $24,000 more in student debt than their parents.

25%
More than 25 per cent of young people do not use their qualification in their job.

4-5
Young people are expected to live four to five years longer on average than their parents.

44%
44 per cent of young Australians are in part-time work, up from 16 per cent 30 years ago.