



1998/99 ABS Household Expenditure Survey

The Australian Bureau of Statistics (ABS) conducts a household expenditure survey every five years. The 1998/99 survey comprised 6,893 households, who recorded all expenditure for a fortnight. Where possible, spending details were obtained from statements such as those issued by banks for spending on home loans. Otherwise spending was recorded in diaries. Income was recorded, along with a range of demographic measures.

Analysis of this data yields the following conclusions.

Discretionary income (after excluding income tax, interest payments, rent and capital repayments on the home) per household peaks at age 45 to 54. Discretionary income on a per person basis also peaks at age 45 to 64 but drops little at age 55 to 64. Discretionary income per person at age 65 and over is similar to that for ages 25 to 34 and 35 to 44. This is because people over 65 pay little tax and are most likely to own their home outright.

Spending on goods and services peaks at age 45 to 54 on a per household basis. On a per person basis, spending peaks at age 45 to 54 but drops little at age 55 to 64.

Spending on discretionary goods and services (after excluding interest payments, rent and capital repayments on the home) peaks at ages 45 to 54 and 55 to 64.

Discretionary spending by people over 65, on a per person basis, is higher than for people aged 25 to 34 and 35 to 44.

The peak in discretionary spending at ages 45 to 54 and 55 to 64 has been an important source of growth in consumer spending over the past 10 years, as the large baby boomer generation entered the 45 to 54 age group. This boost will continue over the next decade as they enter the 55 to 64 age group.



The estimated number of households in Australia in 1998/99 and persons in the household by age of reference person (usually the highest income earner) is shown in Chart 1. The average number of persons per household by age of reference person is shown in Chart 2.

Chart 1

Number of Households and Persons by Age of Reference Person

source: ABS Household Expenditure Survey 1998/99

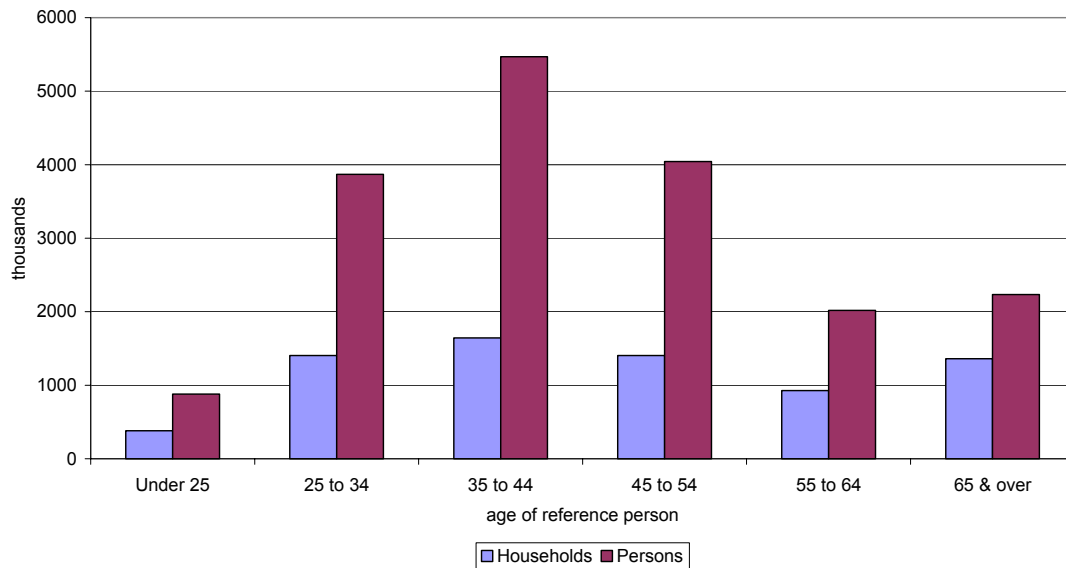


Chart 2

Average Number of Persons per Household by Age of Reference Person

source: ABS Household Expenditure Survey 1998/99

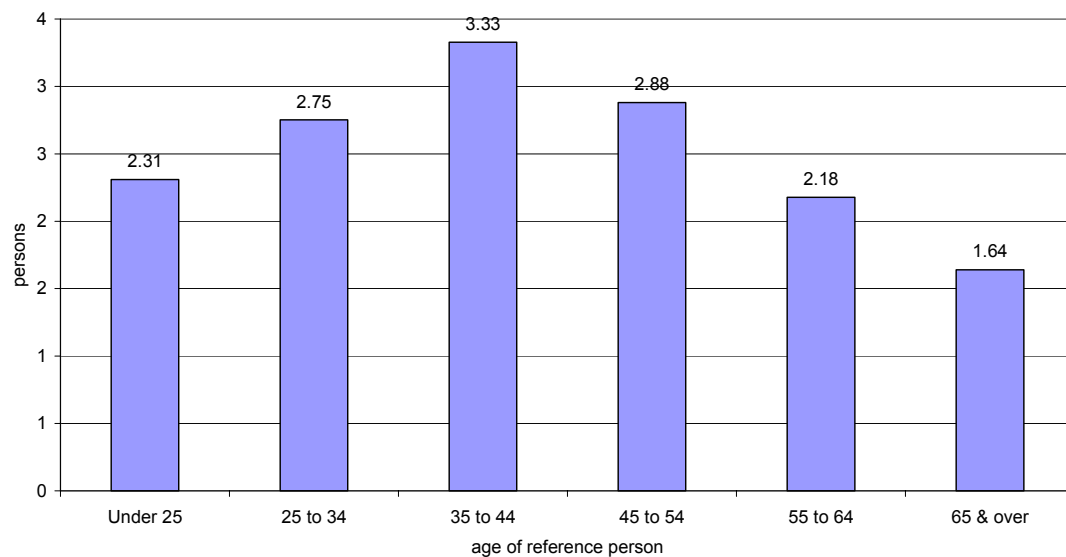




Chart 3 shows average income per household. We have computed disposable income by subtracting tax payments and consumer debt interest payments from the total income. Discretionary income has been computed by subtracting rent and mortgage payments (both interest and capital payments on the principal residence). The gap between these measures of income is smaller for older households because they pay little tax and most own their home outright. In Chart 4, we show these measures on a per person basis.

Chart 3

Average Household Income by Age of Reference Person

source: ABS Household Expenditure Survey 1998/99

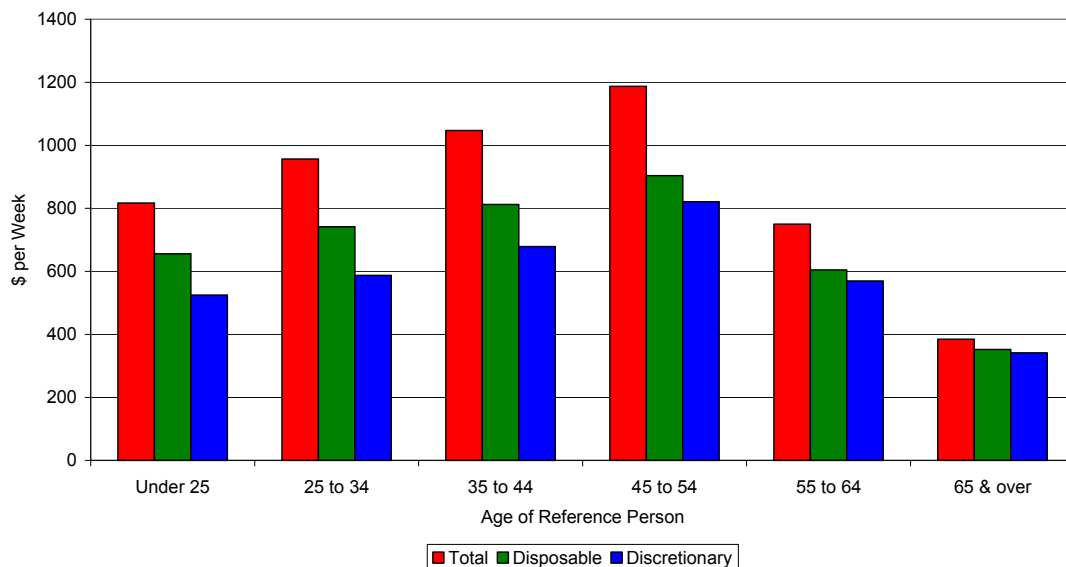
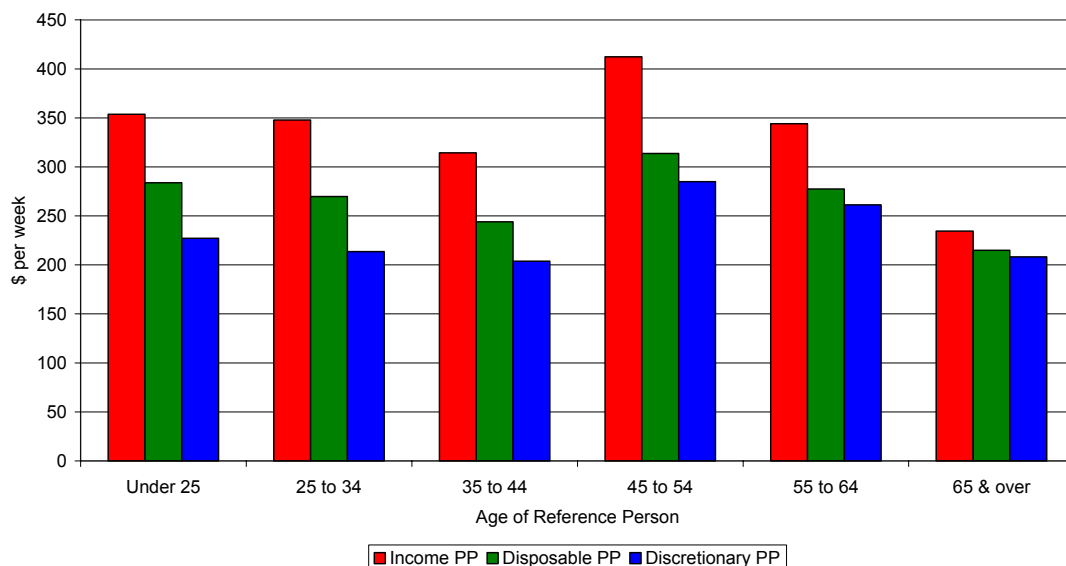


Chart 4

Average Income per Person by Age of Reference Person

source: ABS Household Expenditure Survey 1998/99





Average spending on all goods and services by age of reference person is shown in Chart 5 on both a per household and per person basis. Spending varies remarkably little on a per person basis. Note that this spending excludes income tax payments, capital repayments and saving. It does include non-discretionary items such as rent and interest on home loans and consumer debt interest. Excluding these items gives an estimate of discretionary spending (Chart 6).

Chart 5

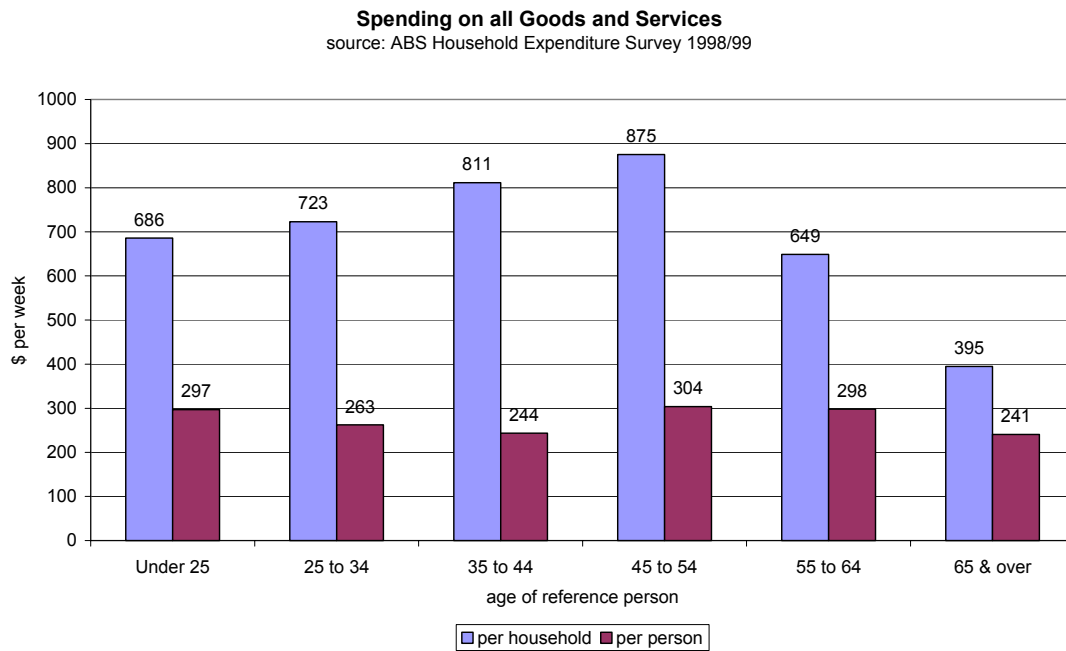
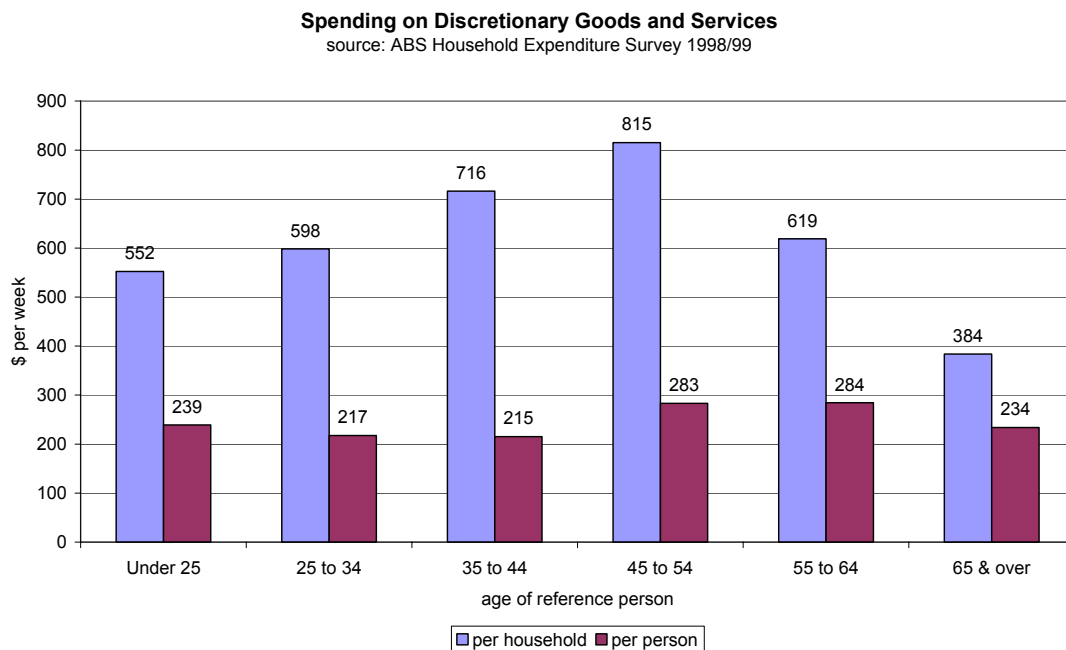


Chart 6





Spending on current housing costs is shown in Chart 7. This includes rent, interest on mortgage, rates, insurance, repairs and maintenance. Spending decreases with age, allowing older people to have a much higher discretionary income relative to total income than younger people.

Chart 7

