

Household Income, Consumption and Wealth: Broader Frameworks, More Comprehensive and Coincident Measures, and Analyses of Joint Distributions

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The ABS has progressively improved and expanded its frameworks, measures and analyses of household economic wellbeing. This paper summarises these developments, showing how they collectively support and improve our understanding of people's economic circumstances.

The paper presents the ABS Low Consumption Possibilities Framework, a conceptual framework for assessing the capacity of people to obtain the goods and services they require, and whether they may be at risk of economic hardship. The principal determinants of people's consumption possibilities are their household income and wealth. Income and wealth have numerous and inter-related components. To better support the integrated collection and analysis of data, the ABS is also developing an Australian Household Income, Consumption and Wealth Statistics Framework, describing the treatment of all household economic transactions.

The paper also outlines improvements made to the collection of income, consumption and wealth data, through improved standards and measures, and the integrated and coincident collection of data for each dimension. In 2009-10 the ABS collected household income, expenditure and wealth data together through its integrated survey of income, expenditure and wealth. ABS augments the microdata files produced for research with micro level imputed rent estimates and derived variables for the effects of taxation (in particular indirect taxes) and government expenditure (going beyond reported social transfers in cash to impute the micro level distributions of in-kind social transfers) to allow more complete analysis of the distribution of household income. Taken together, these developments provide an extremely rich dataset for analyses of economic wellbeing.

The paper will present analyses using all of the results from the 2009-10 datasets, including the sources of income and wealth and their distributional significance e.g. social transfers in cash and in kind, property income, individual asset components. It will also demonstrate how joint distributions can be measured and analysed, in order to support a more comprehensive understanding of people's economic circumstances. It will compare these measures with those using single dimensions to contrast the outcomes observed, both for the population overall and for people at various life cycle stages.