e61 INSTITUTE

Will young Australians be better off than past generations?

Executive Summary

For much of Australia's history, each new generation has been better off than the last: better jobs, higher incomes, and improved living standards. But could this intergenerational compact – the promise that young Australians will be better off than their parents and grandparents – be in doubt?

This report highlights how today's young Australians look different from the generations before them and explores what this means for their economic security, work opportunities, living arrangements, path to independence, and overall well-being. It also outlines implications for policymakers seeking to maintain the intergenerational bargain.

Young Australians now have access to opportunities that were not available to their parents and grandparents. Today, they are achieving more in education, earning more in their early career stages, and participating in the labour market in new ways. Young people have also benefited from technological advancements, including greater access to information through the internet, improvements in the availability of digital goods and cheaper consumer goods. They are building superannuation balances over longer careers at higher rates, and many will be the beneficiaries of larger intergenerational wealth transfers than prior generations.

But these dynamics could reshape patterns of consumption and wealth-building, leading to economic achievements occurring later in life – when people are less liquidity constrained – than past generations. Young people may also disproportionately experience the adverse impacts of climate change due to past emissions, as well as the cost of the transition to net zero. Many are also facing a more precarious path to adulthood. They are dealing with a changing social and economic landscape: higher student debt, slower wage growth, housing affordability challenges and unprecedented rates of mental illness.

Whether young Australians will be better off than previous generations remains an open question. It depends, in part, on the choices policymakers make today. In the past, productivity growth has been the surest way to lift living standards for all and maintain the intergenerational bargain. However, Australia's recent lacklustre productivity performance means that policymakers cannot take for granted that the standard intergenerational pattern of improvement will operate as well as before.

This report is not a comprehensive catalogue of all the issues – and associated statistics – facing young people. Instead, it deals with a snapshot of key findings from e61's empirical work to support policymakers in understanding where and how young Australians are diverging from the past. For policymakers, this report has three key implications.

First, the story of young Australians today may not be one of decline, but of delay. It is still unclear how many of these pattens will evolve. The challenge for policymakers is distinguishing between whether young Australians are reaching major life milestones – like moving out of home, starting families, and buying a home – later than prior generations, not reaching them at all, or changing their preferences.

Second, different people have different experiences, with divergence emerging. Using survey and administrative data, we illustrate how some young people are thriving in a changing economy and society, but others face new risks. Gender and geography are emerging as particular markers of inequity among young people.

Young women are attending tertiary education at higher rates than young men and are benefiting from more job opportunities in the growing care sector. But young women are also reporting declining mental health and experiencing higher rates of mental health-related hospitalisations. Meanwhile, some young men are showing signs of growing economic disengagement, notably in regional areas. Young men are also more likely to experience problem gambling, and are diverging from both their female peers and older men in their attitudes towards traditional gender norms.

Third, there are trade-offs involved in economic, social and technological change that policymakers need to manage to maintain the intergenerational bargain. For instance, growing the care economy to provide essential services without addressing its gender imbalance makes it harder to meet rising future demand and risks creating a new gender gap in workforce participation. In addition, technological change provides many benefits, such as improving life expectancy, but can also contribute to, or exacerbate, new risks such as declining mental health.

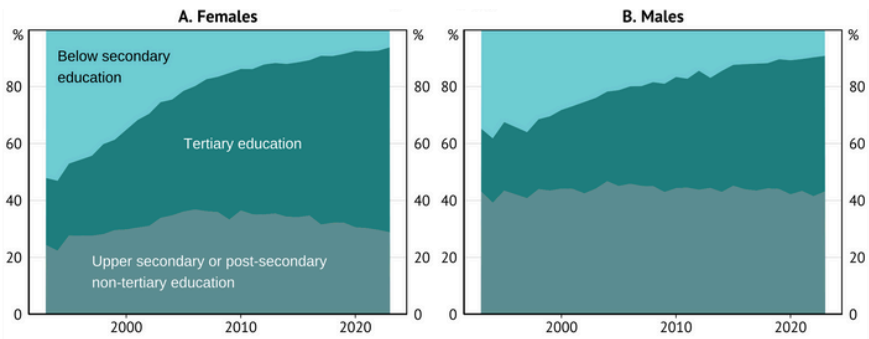
01

More Educated, but More Indebted

Young Australians today are more educated than any previous generation. They are more than twice as likely as their parents' generation to have a tertiary education, and 80 per cent less likely to drop out of school before completing year 12. This change reflects both long-term educational reforms, as well as evolving social norms around gender roles and workforce participation which have led to particularly strong gains for young women.

Young adults educational attainment

Adults aged 25-34, by gender



* Data is sourced from the OECD Education GPS database. Education levels are based on the International Standard Classification of Education (ISCED), developed by UNESCO. Tertiary education includes ISCED levels 5 to 8, which includes bachelor's, master's and doctoral level studies as well as short-cycle tertiary education, such as diplomas at TAFE, associate degrees and some higher vocational certificates. Upper secondary or post-secondary non-tertiary education includes individuals who completed high school and those who completed post-secondary courses not advanced enough for tertiary classification, including many lower vocational certificates and bridging courses.
Source: OECD

Initially, growth was concentrated in the Vocational Education and Training (VET) sector, with student numbers increasing rapidly during the 1990s. More recently, growth has shifted to the university sector. Since the introduction of the demand-driven system in 2012, the share of Australians aged 25 to 34 with a university degree has increased from 30 per cent in 2011 to over 40 per cent in 2021. Meanwhile, VET education has declined slightly during the same period.

This shift in many ways marks a public policy success. Expanded access to university education has opened doors to new opportunities, enabling more young people from a wider range of backgrounds to enter skilled occupations. For many, this will positively shape their future earnings, job stability, and financial security in the decades ahead.

But it has also come with an increase in student debt, as more young Australians take out a HELP loan to pay for their university education. Since 2012, the number of Australians under the age of 35 with a HELP debt has grown from just over 20 per cent to just over 30 per cent in 2022. The average size of these debts has also increased by over 30 per cent, reaching $26,463 in 2022.

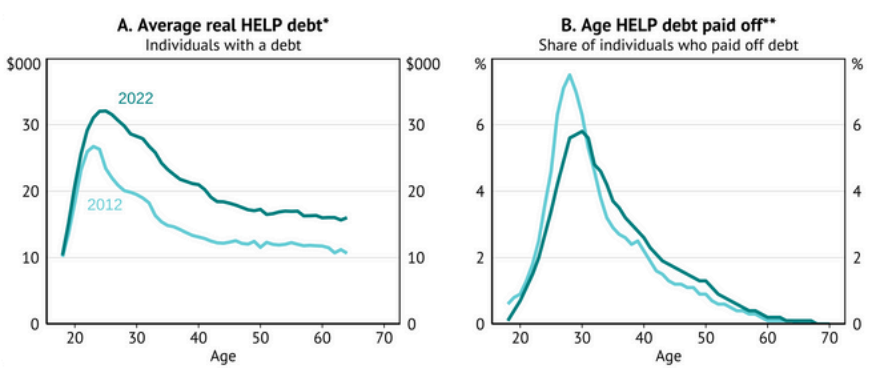
Rising student debt is not surprising given the strong private returns to university and growing delivery costs. But the consequences are real: young Australians are taking longer to repay their loans. The average age of final repayment rose from 32.7 in 2012 to 34.8 in 2022. As a result, more young people are seeing up to 10 per cent of their income diverted to HELP debt repayments well into their mid-30s, just when many are trying to buy their first home and start a family.

The current government's approach to the challenge of rising student debt has been to suggest cutting outstanding HELP debts by 20 per cent. However, most of the benefits of this policy will go to a relatively small group of recent graduates who will likely go on to have much higher lifetime incomes than the average taxpayer. This raises questions about the fairness of an across-the-board student debt cut.

Given that university graduates tend to earn more over their lifetimes, the real issue may not be the size of HELP debts but rather the timing of repayment. This suggests that instead of offering debt relief to a small group of future high-income earners, policymakers looking to ease pressure on university graduates should instead consider spreading repayment more evenly across the life course.

Student debt has risen and it is taking longer to be paid off

All individuals filling tax returns



* This figure reports the mean HELP debt (real $2022) for individuals with a HELP debt who filed a personal income tax return.
** This figure reports the age distribution of individuals making their final HELP debt repayments in 2012 and 2022
Sources: ABS; Department of Education

02

Earning More, Taking Home Less?

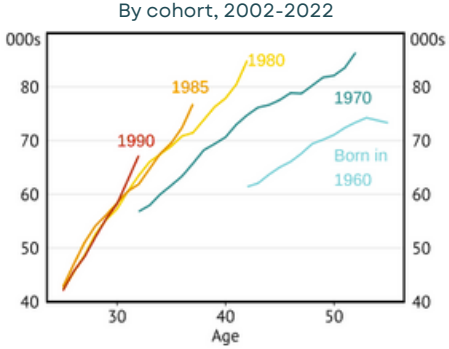
Young Australians today are, on average, earning a similar amount to those born in the 1980s, and outearning those born earlier. Young people have also benefitted from other improvements in workplace conditions that provide value to workers, even if they do not appear on a pay stub. More employers than ever are offering flexible work arrangements, such as remote work and adjustable start and finish times. Job loss risk, which typically falls heaviest on young workers during downturns, is now at historic lows – supported by a tight labour market and the expansion of 'safe' public and non-market sector jobs.

However, the Global Financial Crisis marked a turning point for young people's incomes. Since the Global Financial Crisis, workers under the age of 40 have seen their incomes grow by less than half the rate of those aged over 40. Many researchers have been puzzled as to why youth incomes have not grown in line with those of older workers.

Some explanations include rising underemployment, a shift toward insecure and lower-paying service jobs, award decisions, and an oversupply of workers relative to available high-quality jobs – driven in part by older Australians working longer – which weakened bargaining power and suppressed wage growth. Rising employer concentration and a decline in job mobility may also have weakened young workers' ability to climb the job ladder and move into higher-paying positions. Flatter earnings at the beginning of the working life may also reflect longer time spent in education.

Mean Real Earning, over the lifecycle

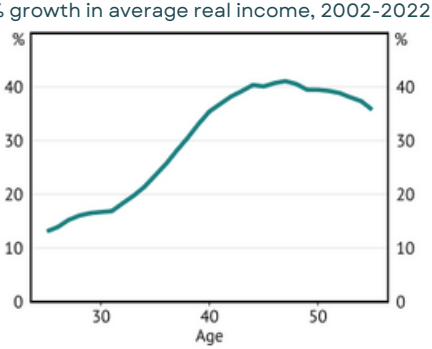
By cohort, 2002-2022



Sources: ABS; e61

Real Earning Growth at Each Age

% growth in average real income, 2002-2022



Sources: ABS; e61

The composition of income also matters. Younger workers are set to shoulder a growing share of the income tax burden on their wages, due to an ageing population and an increased reliance on bracket creep. In contrast, older generations disproportionately benefit from the favourable tax treatment of capital income – such as the 50 per cent capital gains tax discount – and typically pay no income tax on their primary asset: the family home. The median Gen Z Australian (aged 15 to 26) earns almost all their income from wages, while the median Gen Xer (aged 43 to 58) receives around 10 per cent of their yearly income from non-wage sources.

Many younger Australians will eventually benefit from these capital gains simply by getting older, especially if they purchase assets early, and through intergenerational transfers – from their parents, or grandparents. However, these typically arrive later in life, with the median recipient of a bequest around 50 years of age, a homeowner, and close to their peak earnings capacity.

Average inheritances are set to grow nearly fourfold between 2020 and 2050, driven by rising wealth among older Australians and fewer heirs due to long-term declines in fertility. Young Australians whose parents or grandparents have no wealth to pass on will receive little, or nothing at all, from these transfers. These transfers could exacerbate inequities.

Fiscal sustainability will be critical to maintain intergenerational fairness. Possible options include tax reform that seeks to shift the burden from income tax to consumption or retirement. This would help ensure that the tax burden falls less on a shrinking working aged population. On the spending side, one of the largest spending pressures on the government's budget is aged care. With spending pressures increasingly driven by the needs of the current cohort of older Australians, a re-examination how services like aged care are paid for might be needed.

03

Emerging Divergence: Gender and Geography

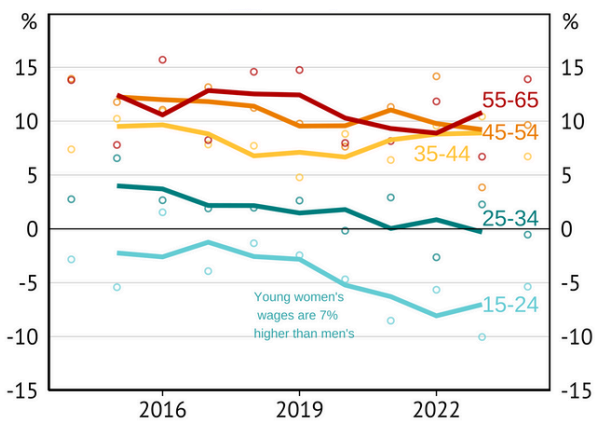
Diverging gender outcomes

Many young Australians, particularly young women, are benefiting from one of the strongest and most inclusive labour market recoveries on record following the COVID-19 pandemic.

The largest source of employment growth post-COVID has been in the female-dominated care sector. It is unsurprising then that the youth female unemployment rate is near its lowest on record, driven largely by young women finding it easier to find work from unemployment. At the same time, for the first time on record, the gender hourly wage gap among those aged 25 to 34 was negative – that is, early-career women now out-earn their male peers, on average. This is driven by both rising educational attainment and the expansion of care-sector jobs.

Gender Hourly Wage Gap, by Age Group

Full Time Workers



* Points show actual wage gap, lines are 3-year rolling averages. Full Time Workers are defined as those working more than 30 hours per week.
Sources: ABS; e61

The story is slightly different for young men. The unemployment rate for men aged 15 to 24 is 10.6 per cent, higher than their female counterparts at 8.3 per cent. While many young men are doing well, male dominated industries, such as construction, manufacturing and mining, remain highly cyclical, leaving them exposed to future economic downturns. These male dominated industries, which tend to employ men without a university education, have either shrunk as a share of employment post-COVID or have experienced below average wage growth.

These diverging gender outcomes stem from structural economic changes. At the moment, the transition to care related roles, particularly post-COVID, has been driven almost exclusively by women. With demand for labour in child care, aged care, and disability support projected to grow, policymakers may need to look for strategies to support more men taking up care roles.

Regional disengagement

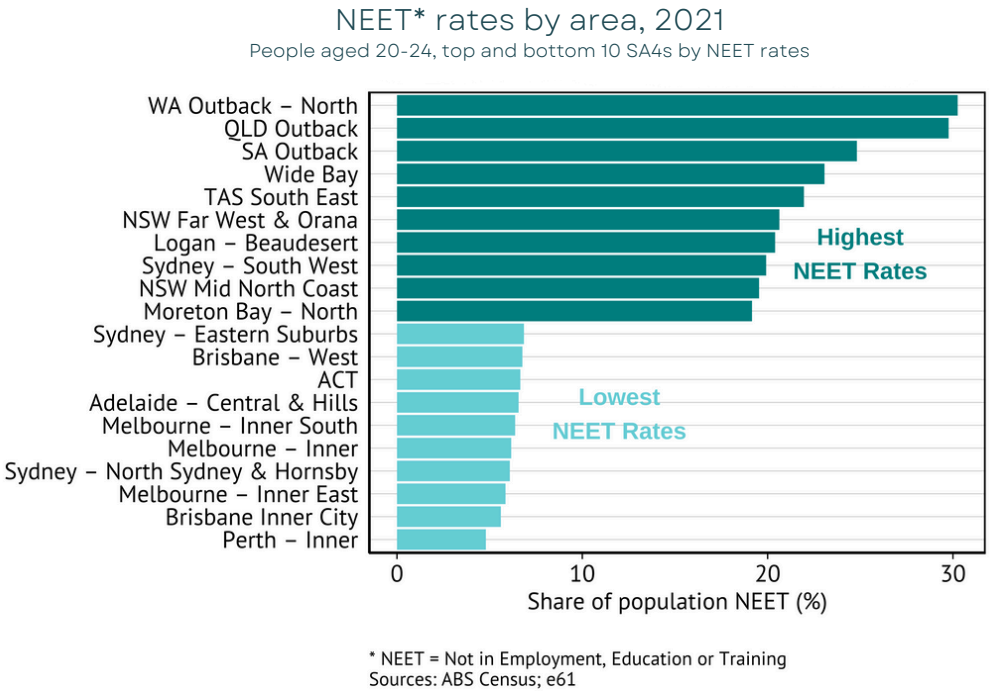
In regional areas, where opportunities for work and study can be more limited, more than 10 per cent of young people are neither in full-time study nor in the labour force, compared to around 7 per cent in capital cities. For young men in the regions, this share has increased over the past decade from around 5 per cent in 2000 to 9 per cent in 2024. For women in the regions, around 13 per cent are not in the labour force or in full-time study, down from 17 per cent in the early 2000s.

Share of 18-24 year olds not in the labour force nor in FT study

By region and gender

Sources: ABS LLFS; e61

Youth disengagement varies widely across geographies. The share of 20- to 24-year-olds not in employment, education or training (NEET) in 2021 ranged from below 5 per cent in inner-city areas of major capitals to 30 per cent in remote areas, particularly those with higher shares of First Nations Australians. Even within major cities there are large disparities, with NEET rates in South West Sydney nearly three times higher than those in the eastern suburbs.



Remote areas often lack high quality education and job opportunities, while First Nations youth can face a complex series of barriers to equitable economic participation. Given the comparative strength of the Australian labour market over the late 2010s, and post COVID, it remains a puzzle why young people living in the regions remain disengaged from work and study. As a first step, policymakers need to understand what they are doing with their time if they are not working or studying.

Altogether, these trends of growing gender divergence and regional disengagement suggest a more complex landscape: while some young Australians are falling behind, others are finding new pathways to success.

04

Delaying Milestones: A Longer Path to Adulthood

Today's young Australians are navigating a different economic and social landscape than the generations before them. While young people always face a degree of precarity as they transition into adulthood, there are social and economic changes, as well as changing preferences, that are pushing key life milestones – like buying a home, moving out of the family home and starting a family – further down the track.

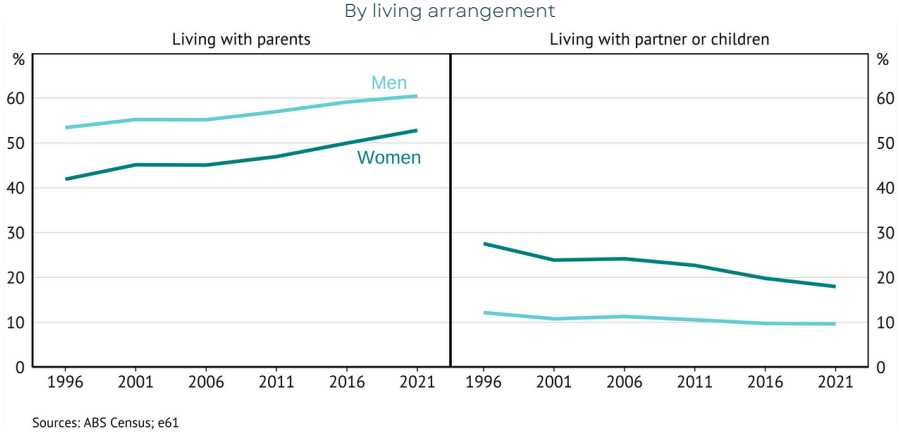
Where young people live is being reshaped – they are less likely to own a home and more likely to live with their parents. The affordability of buying a home is arguably the key concern of young people, with home ownership rates among younger cohorts declining.

Today's 25- to 34-year-olds have a lower home ownership rate compared to their parents when they were the same age – with this disparity greater in capital cities. Regardless of occupation, millennials are leaving Sydney and, more recently, Melbourne, as traditional milestones like owning a home may no longer be seen as attainable to many young Australians living in these major cities. Whether home ownership rates will converge with age remains to be seen.

There has also been a rise in the number of young adults living with their parents. Census data show that around 57 per cent of 18- to 24-year-olds now live with their parents – a marked rise since the 1990s, particularly among young women. This shift toward staying longer in the family home is reshaping young people's path to independence.

Share of 18-24 year old men/women

By living arrangement



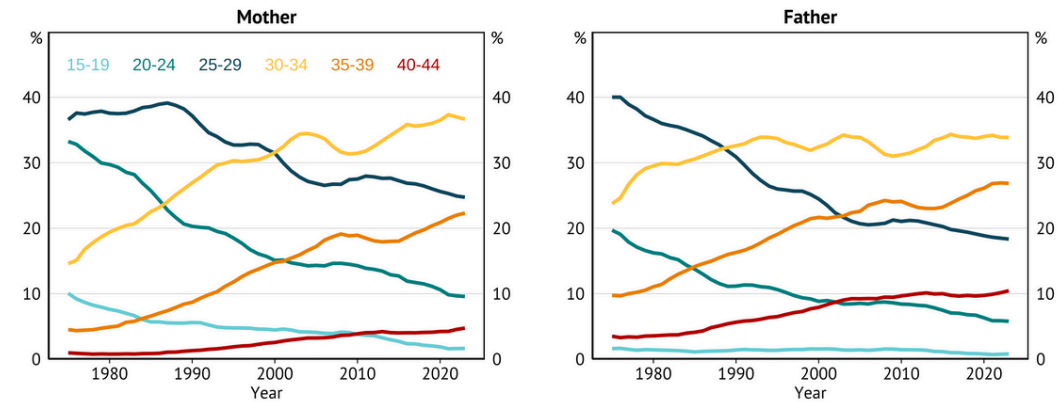
Sources: ABS Census; e61

While rising housing costs may be playing a role in the rise in living with parents, it may not tell the full story. The rise in living with parents disproportionately reflects that fewer young people are living with partners, rather than fewer young people living alone or in group houses. This is particularly true for young women – the share of young women that live with a partner or a child has declined from around 28 per cent in 1996 to 18 per cent in 2021. Young women are still more likely to live with a partner than young men. This is likely because they tend to date older partners who are further along in the transition to independent living.

At the same time, young people are less likely to form relationships early in life. The share of 18- to 24-year-olds in the Household, Income and Labour Dynamics in Australia (HILDA) survey who report being in a relationship fell from around 45 per cent in 2005 to 40 per cent in 2023.

These shifts toward staying in the parental home longer and declines in relationship formation reflect a broader delay in the milestones that typically mark the transition to adulthood. For many young people, forming relationships, moving out, and achieving financial independence are happening later. And these delays are closely tied to changes in family formation. Parenthood now tends to occur later in life, with more Australians having children in their 30s and 40s rather than their 20s.

Share of Birth by Parents' Age



Sources: ABS; e61 Institute

Some of the drivers of delayed parenthood are positive economic and social changes, primarily declines in teen pregnancy rates and increases in educational attainment among women. Moreover, these changes have enabled women to invest more in their careers, further increasing female labour force participation. However, as young adults age, they begin to cite the high cost of raising children and concerns around their career as a key factor in their decision to have children into their 30s.

These shifts in where young people live and when they form relationships reflect broader changes in how young people move through key life stages. Whether temporary or lasting, these shifts suggest a longer and more complex path to adulthood. They also raise important and challenging questions for policymakers, particularly around housing affordability, income support and family policies.

Responding to these is not simple: policymakers must account for the trade-offs. For example, delays in parenthood and declining fertility rates can have negative macroeconomic consequences, including a shrinking workforce and concerns about fiscal sustainability in an ageing population. However, reversing this pattern may limit women's labour market participation without changes to how paid work and care responsibilities are managed.

05

An Increasingly Online World

Arguably one of the biggest factors that sets today's young Australians apart from their parents and grandparents is not their economic and social circumstances, but technological change. This is the first generation to come of age with the internet, smartphones, and social media as part of their daily life. That shift may help explain some of the emerging generational differences in well-being, identity, and behaviour.

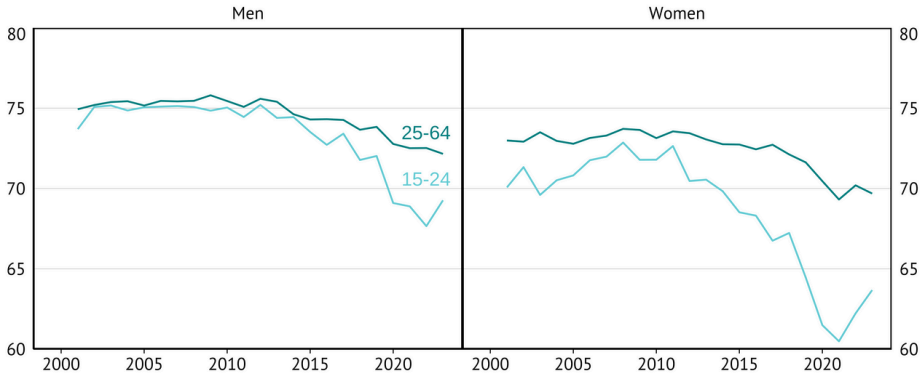
For a range of largely technological reasons, young people can look forward to a life of greater physical health than previous generations.

For instance, women born in 2021 to 2023 can expect to live, on average, 85.1 years – more than 10 years longer than those born in 1965 to 1967 (74.2 years). Similarly, men born in 2021 to 2023 can expect to live, on average, 81.7 years – around 14 years longer than those born in 1965 to 1967 (67.6 years).

But mental health trends tell a different story. Since the early 2010s, mental health among young people has declined markedly, with a particularly sharp drop among young women born after the late 1990s. This decline coincides with the rapid growth of social media platforms like Instagram – raising concerns about the mental health impacts of social media. Young Australians, especially young women, also report fewer close friendships and greater feelings of loneliness. While technology may bring physical health benefits, it also appears to come with costs.

Self-reported mental health

Stored out of 100, average by age group and gender



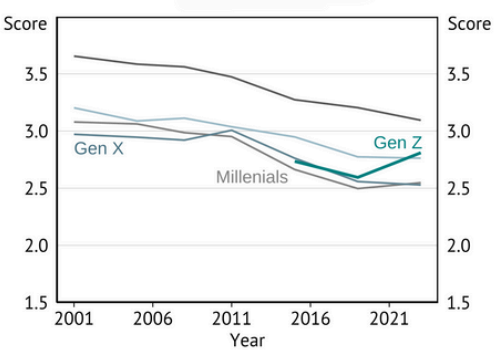
Sources: HILDA Survey Release 23.0; e61

The long-term trajectory of this generation's mental health is not clear. Traditionally, over the life cycle, well-being tends to take on a U-shaped pattern. Young people generally report higher rates of well-being which decline in middle age and then rise again in older age. So far, it looks like this generation is starting at a lower point, but whether they will follow the same trajectory as prior generations remains to be seen.

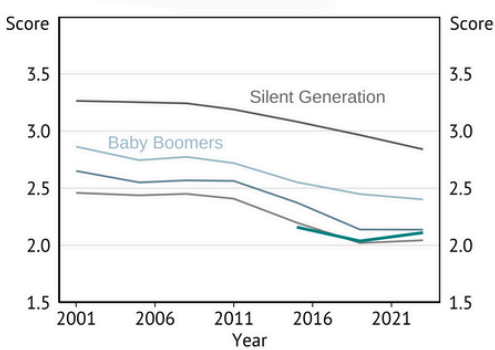
The online environment may also be contributing to a rising gender gap between young men and young women in their beliefs in traditional gender roles.

Over the last 20 years, beliefs in traditional gender roles have been declining across generations, but young men today are beginning to buck this trend. Gen Z men (aged 15 to 26) are more likely than their female peers, as well as Millennial men (aged 27 to 42), Gen X men (aged 43 to 58) and Baby Boomer men (aged 59 to77) to agree with statements such as "men make better political leaders than women do" and "it is better if the man earns the money and the woman takes care of the home and children." This shift has led to a widening gender gap in attitudes towards traditional gender norms amongst young Australians.

Men's Belief in Traditional Gender Norms



Women's Belief in Traditional Gender Norms



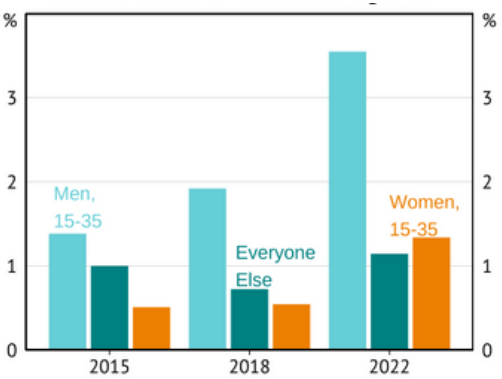
* Score represents the average responses to a range of subjective questions on gender norms in the HILDA Survey. Scores range from 1 to 7, where 7 represents strong agreement with statements about traditional gender norms.
Sources: e61 Institute; HILDA Release 23

This divide remains even after accounting for education levels, whether they live in an urban or regional area, as well as their employment and relationship status. This suggests that the shift is not confined to a particular subgroup but may reflect a broader attitudinal change among this specific group of young men.

These divergent views raise important questions about social cohesion and the forces shaping gender norms today. One contributing factor may be the online environment, where algorithm-driven content can amplify extreme views. Economic factors may also play a role, particularly if some young men perceive their opportunities to be declining. These findings challenge the common assumption that younger generations are uniformly more progressive.

Technological change has also re-shaped risk-taking. For instance, in 2024 there were around 1,300 road fatalities, down from 3,798 in 1970. This dramatic reduction is due in part to innovations such as seatbelts and airbags. But today risky behavior has not disappeared – it has shifted into other domains. One example is gambling. Problem gambling rates among young men have increased, with over 3 per cent of young men now meeting the criteria for problem gambling, up from around 1.5 per cent in 2015.

Problem Gamblers* in Australia, Aged 15+



* Problem gambelrs are defined as those scoring 8+ on the Problem Gambling Severity Index (PGSI). A similar trend is observed if a threshold of 5+ is used.
Sources: e61; HILDA

It is easy to assume that the rise in problem gambling among young men is being driven by online betting – after all, access to online betting has never been easier. But, surprisingly, much of this increase appears to be driven by old-school, in-person gambling methods, including the pokies. This points to a broader shift. Since the pandemic, young men have become willing to take above-average risks with their spare cash. This suggests that the trend may reflect a deeper change in attitudes toward risk, not just easier access through digital platforms.

Altogether, these trends indicate that technology, particularly the online world, is reshaping not just how young people interact, but also their values and what risks they are willing to take. Technology often has positives and negatives, but in many instances the consequences go beyond individual choices. They reflect deeper cultural and economic shifts that may require new policy responses. While the Government's social media ban is set to take effect by December 2025, more may need to be done to address the potential consequences of an increasingly online world.

06

Consideration for Policymakers

This report aims to provide an empirically based picture for policymakers of how young Australians differ from their parents and grandparents across education, work, living arrangements, mental health, and values. Based on these findings, there are three key considerations for policymakers seeking to ensure that the intergenerational pattern of improvement continues to operate, as it has for much of Australia's history:

Distinguish delay from permanent change and change in preferences:

It remains unclear whether the current generation of young people will take a completely different path to previous generations, or whether across several measures it is just a matter of timing. Many trends documented in this report, like declining home ownership or having children later in life, may simply be delayed rather than forgone altogether – that is, young people may still experience traditional markers of economic security and adulthood but just do so later in life. Distinguishing between what is temporary, what is permanent and what reflects a change in people's preferences will be important for policymakers. One risk is assuming convergence with age will happen automatically, when it may not. Another risk is assuming that anything young people do differently today is necessarily bad.

Beware one-size-fits-all solutions:

This report also illustrates that there is no single youth experience. Some are positive, others negative, and many are still unknown. This generation's journey toward adulthood is far from uniform. Gender and geography stand out as factors of importance that are shaping the outcomes of young Australians today. We will be exploring the drivers of these new trends in future research. Policymakers should be cautious about relying on policies framed around a singular generational narrative which may not exist for this generation.

Manage the trade-offs involved with economic, social and technological changes:

Economic, social, and technological change, as always, bring benefits and costs. For instance, technological change has brought with it many benefits from improvements in life expectancy to declines in road fatalities. However, it has also come with costs. For young people, particularly young women, the emergence of social media has been seen to be part of the explanation behind declines in their mental health. This poses new challenges for policymakers who may not have foreseen these outcomes and may require new forms of policy solutions.

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This report was written by e61 staff including: Pelin Akyol, Jack Buckley, Erin Clarke, Theo Gibbons, Rose Khattar, and Matthew Maltman.

DISCLAIMERS

Household, Income and Labour Dynamics in Australia (HILDA) Survey

This paper uses unit record data from Household, Income and Labour Dynamics in Australia Survey [HILDA] conducted by the Australian Government Department of Social Services (DSS). The findings and views reported in this paper, however, are those of the authors and should not be attributed to the Australian Government, DSS, or any of DSS' contractors or partners.

ABS Microdata

The results in this paper make use of ABS microdata covering 2001-24 from the Person-Level Integrated Data Asset (PLIDA) accessed through ABS DataLab.

The results of these studies are based, in part, on data supplied to the ABS under the Taxation Administration Act 1953, A New Tax System (Australian Business Number) Act 1999, Australian Border Force Act 2015, Social Security (Administration) Act 1999, A New Tax System (Family Assistance) (Administration) Act 1999, Paid Parental Leave Act 2010 and/or the Student Assistance Act 1973. Such data may only used for the purpose of administering the Census and Statistics Act 1905 or performance of functions of the ABS as set out in section 6 of the Australian Bureau of Statistics Act 1975. No individual information collected under the Census and Statistics Act 1905 is provided back to custodians for administrative or regulatory purposes. Any discussion of data limitations or weaknesses is in the context of using the data for statistical purposes and is not related to the ability of the data to support the Australian Taxation Office, Australian Business Register, Department of Social Services and/or Department of Home Affairs' core operational requirements.

Legislative requirements to ensure privacy and secrecy of these data have been followed. For access to PLIDA and/or BLADE data under Section 16A of the ABS Act 1975 or enabled by section 15 of the Census and Statistics (Information Release and Access) Determination 2018, source data are de-identified and so data about specific individuals has not been viewed in conducting this analysis. In accordance with the Census and Statistics Act 1905, results have been treated where necessary to ensure that they are not likely to enable identification of a particular person or organisation.

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