

RESPONSE TO TREASURER'S SPEECH ON AGEING

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National Seniors Australia has responded to Treasurer Josh Frydenberg's upcoming speech in which he says the ageing population is an "economic time bomb".

The Treasurer today will announce a drive to get people in their mid and late 60s to work longer and undertake training to keep in touch with the jobs market as the government confronts long term pressures to the budget bottom line.

Mr Frydenberg will use an address to the Committee for the Economic Development of Australia to argue a "new dynamic" in the way the country's population is ageing and will require new policies to ensure the nation's economic heavy lifting is not left to a diminishing number of younger people.

But National Seniors Chief Advocate Ian Henschke says the Treasurer could be unintentionally engaging in ageism by implying the older generation is somehow a problem and a burden.

"We've heard this before in descriptions like 'tidal wave' and 'tsunami'. Rather than stigmatise older Australians, we should blame previous treasurers from 1980 who have stood by and watched this happen.

"Let's deal with the facts, for example, that older Australians are wanting to work more and longer but they are not getting the work they need," said Mr Henschke.

"When they do retrain, we know they are experiencing discrimination.

"Training and retraining costs money and despite the government offering incentives of \$10,000 to employers who take on the over 60s, the largest cohort on Newstart is the over 55s.

"Let's also not forget the many older Australians caring for other older people and their families.

"The second major point the Treasurer needs to address is the fact that the last intergenerational report got its predictions wrong.

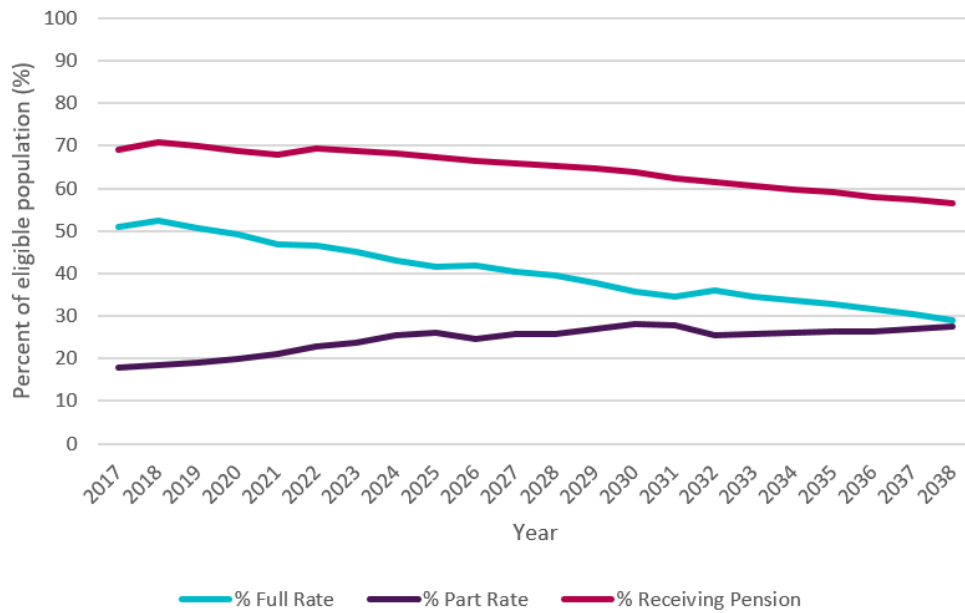
"Contrary to the view that the pension costs to the nation will grow, the evidence shows that quite the opposite will happen and is happening," Mr Henschke said.

Respected actuarial firm Rice Warner's recent modelling shows over time, more and more people will self-fund their retirement and the proportion of the population receiving the pension will fall NOT rise.

Rice Warner's Graph 1 shows that, by 2038, only 56.6% of the eligible population will receive any Age Pension, with 29.10% on the full rate pension and 27.5% receiving a part rate pension.

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Graph 1. Projected proportion of the eligible population receiving the Age Pension, by rate of Age Pension

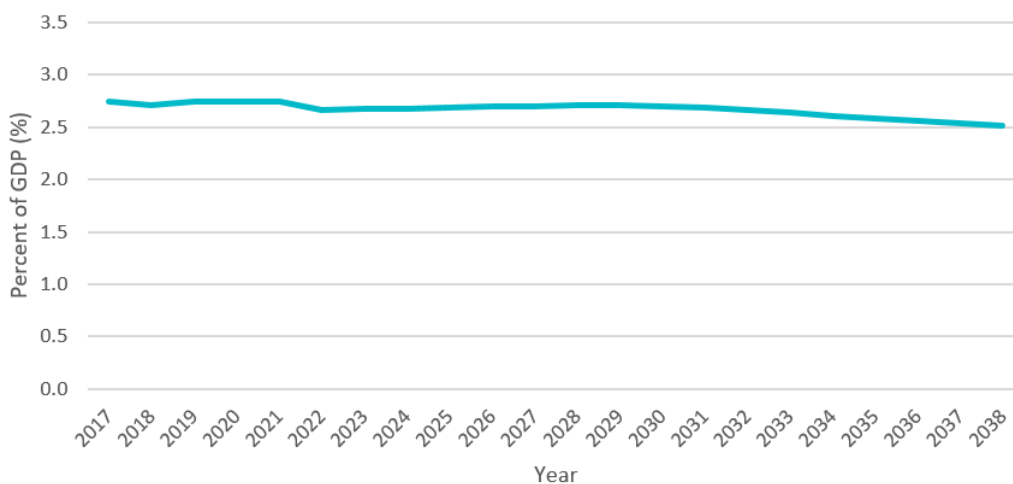


All graphs source: Rice Warner

The cost of the Age Pension was around 2.9% of GDP 20 years ago (and the 2002 Inter-generational Report projected growth to 4.6% of GDP by 2042).

In reality costs have fallen. Today, Age Pension expenditure is around 2.7% of GDP and it will keep falling NOT rising in future. Graph 2 shows projected expenditure on the Age Pension will fall to 2.5% of GDP by 2038. The downward trend will continue well into the future.

Graph 2. Projected Age Pension expenditure (% of GDP)



Mr Henschke agrees with Rice Warner that the Government could consider whether the Age Pension should provide a safety net in retirement or a supplementary level of income for a large proportion of retirees. The Government could also consider areas for reforming the Age Pension to make the assistance more equitable.

“Josh Frydenberg has announced the Retirement Income Review and we expect more detail shortly.

“That detail must include the above data and not be based on outdated and ageist perceptions of older Australians being an ever-increasing burden. It’s this ageism that in the end leads to abuse and neglect not respect and concern,” he said.

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Mr Henschke is available for comment