Many of our expectations about older age are changing. People are living much longer, and are acquiring much more wealth. The average Australian aged 65 now expects to live well into their mid-80s and to be a millionaire. These are tremendous achievements. But according to Mark Butler’s new book, *Advanced Australia: The Politics of Ageing*, we need to rethink our attitudes to ageing. And as shown in Grattan Institute’s report, *The Wealth of Generations*, we can no longer rely on the generational bargain, under which each generation of working Australians supported retirees while still improving its own standing of living. In this *Policy Pitch* event at State Library Victoria, Mark Butler and Grattan CEO John Daley discussed the policy implications of an ageing population.

**Moderator:** Helen Westerman, The Conversation

**Speakers:** John Daley, CEO Grattan Institute
Mark Butler, Author and MP

PETER MCMAHON: Good evening and welcome to tonight’s *Policy Pitch*. My name is Peter McMahon and I’m the Director of Community Engagement here at the Library. Tonight’s event is being held on the traditional lands of the Kulin nation. I wish to acknowledge them as the traditional owners and pay my respects to their Elders and to the Elders of any other communities that might be with us this evening. I’d also like to extend a very warm welcome to our guest speakers, John Daley, Helen Westerman and Mark Butler, to Grattan Institute members and staff, and also to the many friends and supporters of the Library who might be with us. As you know, the *Policy Pitch* is a joint initiative of the State Library of Victoria and Grattan Institute and it’s part of a series that brings together the brightest minds in the field of public policy. We’re particularly proud of our involvement with the *Policy Pitch* as it reflects the Library’s ongoing role as a catalyst for ideas, discussion and debate.

Tonight’s *Policy Pitch* considers the implication of Australia’s ageing population with our panel discussion entitled *Striking a new generational bargain*. Helen Westerman will lead the discussion with our panellists John Daley and Mark Butler. Mark’s new book *Advanced Australia: The Politics of Ageing* is out now and is available to purchase at the Readings Bookstore table in the foyer outside. To start the discussion I’d like to introduce Helen Westerman. Helen is a journalist and communicator with 20 years’ experience in digital and print journalism. She’s covered news, business and finance for The Age and was the Small Business Online Editor for The Age and The Sydney Morning Herald. She’s currently the Business Editor at The Conversation. Please join me in welcoming Helen.

HELEN WESTERMAN: Hello everyone. Yes, my name is Helen Westerman, I’m the Business Editor with The Conversation website and I’ll be the moderator for this event. I’ll just quickly explain the format, we have John Daley here and Mark Butler, they’ll have around about a 40-minute discussion and following that we’ll open the discussion up to questions on the floor. There will be a roving microphone, people will be standing towards the front, and if you would like to just raise your hand and wave at me I’ll do my best to make sure that as many questions from the floor are taken. We’ve also had quite a few questions that have been submitted to us previously as well and I’ll try to get through as many of those as possible also.
So firstly I would just like to go to the topic that we’re here to talk about today and that’s ageing in Australia and inescapably that means that the narrative is around Australia’s baby boomers. Now everyone knows this story, they’ve enjoyed free education, they’ve got plentiful jobs, they’ve got access to a property market that families today can only dream about, the problem with them is that there are so many of them and now they're beginning to get old. They’ve amassed investment properties and large superannuation portfolios and now they need to share, yet the generational bargain of the past, that previous generations have supported the present and the future ones, appears at risk. It’s one of the most pressing policy imperatives of our time, but is there an alternative narrative that, far from being a drain on our welfare and health budgets, Australia’s ageing population can actually continue to have a positive impact on our economy and future budgets as well as contributing to society?

So to discuss this and to tease out some of the implications facing Australia I’d like to welcome Mark, he’s the Federal Labor Member for Port Adelaide and, as has been mentioned, he has been in Federal Parliament since 2007, he served as the Minister for Ageing under the Julia Gillard government, he’s currently the Labor spokesman for Environment, Climate Change & Water and is the National President of the ALP. He is the author of Advanced Australia: The Politics of Ageing released in September through Melbourne University Publishing, and I believe that there’s an opportunity to be able to buy the book after this event finishes if people are interested. Joining him in discussion is John Daley, the Chief Executive Officer with one of Australia’s leading public policy and research organisations the Grattan Institute, and I have to thank the Grattan Institute and the State Library of Victoria for putting on this event today. John is a leading thinker who’s had 25 years’ experience in the public, private and university sectors. He’s worked for ANZ and McKinsey and his career has taken in expertise in law, finance, education and workers’ compensation. Welcome to you both, thank you very much.

I’ll just open with perhaps the most compelling question that we face today when we think about ageing and that is, is it all really bad news and is it about to wreck the joint? Mark, would you like to start?

MARK BUTLER: No, it’s fantastic news. 100, 110 years ago the average Australian man died at 55 and the average Australian woman died at 57 and over a period of really just under a century we added 25-30 years to average life expectancy and the World Health Organisation I think rightly calls that one of humanities’ greatest triumphs. We worked hard to achieve that. It wasn’t an accident, it wasn’t a fluke, previous generations spent an enormous amount of time and energy drilling into what it was that would see so many people die so early in life. After having done all the hard work to raise your kids and do the peak years of your career, to die in your 50s was something that generation after generation struggled against. Now we’ve finally achieved it. We are the beneficiaries of generations of hard work that allows us to pretty much take for granted the idea that after those peak busy years of our lives we will have 25 or 30 years of what Peter Laslett called a third age, time to just take it a little bit easier, a bit more self-fulfilment, some travel, some study, some volunteering work more in line with your preferences rather than servicing a mortgage and raising your children.

This is a wonderful, wonderful liberation of the human spirit and it does present very significant public policy issues, some of them budgetary but a range of other public policy issues as well. But I guess what I’ve tried to do in the book is to add a little bit to the work of re-framing the public discussion around ageing. It really struck me as soon as I got this portfolio, after Julia Gillard gave me this job
that I’d actually asked for, along with mental health, my first radio interview had a very good journalist ask me, “Now what are you going to do about the problem of ageing?” I was asked after that, “What are you going to do about the burden of ageing?” I was asked the crisis of ageing. I was even asked how I was going to fix ageing, which boggled my mind a little bit and it really did strike me after conducting those interviews, reading the mainstream economic commentary about ageing and talking to older Australians themselves about what they thought about this public discourse, that we had got it way too weighted to the negative.

There was much work that we needed to do, whether we were public commentators or economists but particularly politicians and the media, to try and get some balance back into this extraordinary transition that is happening at the moment in Australia and so many other countries around the world.

HELEN WESTERMAN: So Mark, you talk in the book a lot about how the people that you come across feel that they’re disenfranchised by people, when you talk about the social impact that people feel they’re treated as if they don’t have any worth?

MARK BUTLER: Well there’s a very deep hostility towards age in most modern societies and I think researchers tended to think that this was a Western society thing that was a flipside of the sort of cult of youth that really spread through America, Europe and Australia in the post-war years, but researchers find it in Confucian societies as well. There’s a deep hostility towards age that has a personal dimension and it has a political dimension.

The personal dimension is seen in some hard-core discrimination in the workplace, in the delivery of services, in healthcare settings and the like. But in a softer more cultural sense person after person complained to me about being patronised just going about their daily business, particularly women in their 60s, a number of them, my mother included I must say, talked about their sense of shock at walking into shops and having younger shop assistants say to them, “Hello dear, how’s your day been?” One of them said, “I just want to punch them” and I didn’t include that in the book because I didn’t think that story did much for the theme of intergenerational empathy I was trying to project. But there’s a deep sense of shock there which, as I say in the book, is a little bit ironic given that there was no group in any community that did more to embed this deep cult of youth that we have now than the baby boomers and they really are feeling the sharp end of it and reacting very strongly to it.

HELEN WESTERMAN: I know that in the book you talk about someone being quite indignant and saying, “Well we paid taxes, so why should it be considered that we’re a drain on public policy?” But I just wanted to touch on workforce participation, we are going to be asked to work for longer and, John, you’ve got some thoughts about that particularly. You’re on the record as saying essentially that you think that the age pension is the real home of middle class welfare in Australia and that you would like to see people work beyond 67, is that about right?

JOHN DALEY: Well I think there are two issues there, one is around whether the qualification tests for the pension have been drawn correctly, and we’ll doubtless get to that in time, but the first issue is the age at which you should qualify for the age pension and I think a very related and importantly linked issue is the age at which you should qualify to be able to take out your superannuation without incurring tax penalties.
As Mark points out, we've seen very, very substantial increases in life expectancy over the last couple of decades, particularly since 1970 we've seen very big increases in how long you would live once you made it to 65. Between 1900 and 1970 most of the improvements in medical science were about getting you to 65, they were childhood diseases, infectious diseases and so on, things which used to kill a lot of people and today kill almost nobody. Since 1970 it's been much more about how do we keep people alive and in very good health between the ages of 65 and 90, and we've seen enormous improvements. I think one of the arguments is that's terrific, we are now spending a lot more on health than we used to, the good news is that it works, the bad news is that somebody has to pay for it.

One of the very substantial opportunities in terms of economic growth is around participation rates of older people in the workforce and when we have pension ages at the age of 65 you can see that there's a very big drop-off in the number of people that work between the age of 64 and the age of 65. Similarly, you can see that there's quite a big drop-off in the percentage of people that work between the age of 59, when they're not allowed to start taking their super, and the age of 60, when they can. And, of course, the Australian Government under Mark's government moved that age from 65 to 67 gradually over the next 10 or 15 years or so, and we've advocated going further, from 67 to 70. The counterargument to that is that would leave Australia leading the world on this, we would be the first country to legislate 70, to which my answer is, "That's right". Back in 1900 we thought it was a good thing to lead the world on female suffrage and universal suffrage and a whole series of social reforms, and I think that this is another one that we need to look at.

It has a huge impact on the economy, it has a huge impact on the Budget which, as we know, has been in deficit now for a number of years and doesn't look as though it's got to fix anytime soon. And although obviously you need to have systems in place for people who can't work between the ages of 65 and 70, those are the systems we already have in place for the very substantial number of people who can't work between the ages of, say, 60 and 65. It's called the disability pension, by definition it pays the same amount as an age pension, and we have a whole series of systems designed around that very problem of people who find themselves unable to work before they hit pension age.

So that's why we think it's very important reform, it's big for the economy and big for the Budget.

HELEN WESTERMAN: Mark, do you want to comment?

MARK BUTLER: I'd love to. Where can I start with that? The idea that the age pension is a problem for the Budget is a furphy. The age pension over the next 40 years, if we keep the existing rates of indexation, so you tie the pension to wages not to inflation, which is what Abbott tried to do last year, and we keep the existing eligibility age of 67, which comes in in 2023, the total pension budget will rise to about 3.6% of GDP. It's currently around 3% and it will rise to 3.6% over 40 years' time. Now that will be about one-third of the OECD average. We have a very, very modest age pension here in Australia. Relative to average weekly earnings, relative to whatever benchmark you want to choose, we have a very, very average age pension here in Australia so it's not going to bust the Budget to keep the existing age pension arrangements in place.

The trickier question I think is what people do before age pension eligibility, whether it's 65 or 67, and in a very significant sense that is a class issue. We don't have many class issues talked about in public anymore, but this a very significant class issue. About six in seven workers who work as a labourer are already out of work by 65; only one in seven of them is still working. Workforce
participation at later ages has a very, very strong correlation to your profession or your occupation and to levels of education. So we know, for example, that only 10% of women who didn’t finish high school are still working in their early 60s, whereas 70% of women who have a postgraduate qualification are still working in their 60s. Now there are a range of reasons for that, some of them supply, some of them demand, as John and I will debate, but there are some very serious challenges we have had now for the best part of three or four decades at trying to support people who want to work in their 50s and 60s but simply can’t find work.

Now it’s not just a question of disability, so it’s not fixed by the disability support pension. We started to see it as vast swathes of blue collar men who were effectively thrown out of work in the 1980s. After two recessions within a decade we saw massive industry restructuring and for the first time ever we saw mature age unemployment present as a very serious economic and, frankly, very serious social challenge here in Australia and we haven’t nailed it yet. We still don’t know how to support particularly blue collar men who are still being thrown out of a whole range of manufacturing jobs, as the car industry closes here in Adelaide and Melbourne we still haven’t nailed an ability to find a way for those workers to get back in the workforce. So that is my major concern about this interesting kicking the eligibility age further and further down the track. It’s not a budgetary imperative, it would certainly assist the Budget to a degree but nowhere like the degree to which indexation changes would help the Budget, but it would cause, I think, very significant suffering to a particular class in the community.

HELEN WESTERMAN: So John, picking up on a couple of issues there, ageism is alive and well in the Australian workplace, so what Mark is essentially describing there is a willingness to work but not being able to find the jobs that allow them to. So just putting aside for a moment their ability in terms of their health, what if there just aren’t the jobs there?

JOHN DALEY: Obviously that’s a concern and of course that’s a concern for people of all ages, and unemployment rates are much higher for young people at the moment than they are for older people. In practice we are in fact mainly solving this problem through the disability pension. If you look at people between the age of 60 and 65 who are not working I think it’s something like about 75-80% are getting disability pensions rather than unemployment benefits. If you look at young people it’s the reverse and obviously the disability pension is much more generous than Newstart is. So in practice we are largely using the disability pension because I suspect in practice the disability pension tests are being applied in ways that mean that older people are more likely to qualify.

I think that the other issue is to say that of course we want to ensure that as many people who want jobs can get them; of course we want to discourage and do whatever we can to change attitudes so that employers do employ older people; but I think that this is both a demand and a supply issue and if you say it’s all about the employers then you miss a large part of the story here. As you pointed out Mark, it’s not a huge budgetary issue - it’s a mere probably six or seven billion a year, that’s a lot bigger than most of the other things we’re talking about at the moment - but of course it’s an even bigger issue in terms of the size of the economy and therefore the resources that we have as a community. I would accept absolutely moving the age at which you can access the age pension is not going to help people who are currently aged, say, 62 and can’t get a job. As you point out, a small number of them will wind up staying on Newstart for longer, in reality a large number of them will wind up on the disability pension for longer. But what that change will do is change the decisions of many people who can work and who do in fact have a job and have an employer who would be very happy

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to keep them in work for a long time but who, at the moment, choose to retire because frankly they can. So I think it would make a big difference to the economy, it would then of course have benefits for the entire community, because that’s ultimately about the resources that we collectively have as a community.

So far I’ve focused on the age pension, there’s another part to this puzzle which is around the age at which you can access your superannuation without paying a tax penalty. At the moment roughly speaking you can start to draw down on it at 60 and, interestingly, this too is a class issue albeit in the opposite direction. If you look at who is it that draws down on their superannuation before they hit 65 the answer is overwhelmingly people in the top half of income earners. Not surprisingly, people in the bottom half haven’t accumulated that much superannuation and they choose, by and large, not to draw it down until they hit 65. The reverse is true for people over the age of 60 who are in the top half of income earners; they are much more likely to start drawing down their super. I think from a policy point of view that means we encourage people in a sense to retire at 60 rather than 65; we are encouraging those who are most likely to be able to find a job at the age of 60, i.e. those who have historically been in the top half of income earners, and, worse still, they effectively start drawing down their superannuation on which we have given them very, very large tax concessions before they can possibly qualify for the age pension. Indeed, a third of all super balances are drawn down before people hit 65 and qualify for the pension.

So we’ve given them very large tax concessions and, in effect, a third of those tax concessions have been wiped out before they’ve had any impact on the age pension. So I think, again, from a budgetary perspective and from a growing the economy and therefore the resources we have to play with perspective, from both of those points of view looking at the age at which you can get access to your superannuation is also something that needs to move, and I think that there’s a really powerful argument for simply saying we should align those two ages. Obviously if you want to retire earlier and live off your own savings, of course you should be entitled to do that. Obviously if you are disabled or face a very serious illness and you want to draw down on your superannuation earlier you should be allowed to do that, and the current rules do permit that. But what I’m suggesting is those who are perfectly capable of working and in perfectly good health shouldn’t be able to start drawing on their super until they hit the age at which they would otherwise qualify for the pension.

HELEN WESTERMAN: Mark, is the story as simple as that, we just incentivise people to make sure that they can’t get their money before a certain age and that keeps them in the workplace?

MARK BUTLER: I don’t think it is as simple as that for a couple of reasons. One is because of some of the realities in the labour market about whether people are making these choices through free will and determination or whether it’s really forced on them, but I won’t go back over that ground. One of the other issues though that I think we do need refresh ourselves about is quite what the purpose of the superannuation system was when it was set up. Michael Keating I notice had some remarks about this over the last couple of days, he was the Head of Prime Minister & Cabinet when the superannuation system was set up a little over 20 years ago, and he set out what I’ve tried to put in my book which is that the purpose of it was not to replace the age pension as a system. The purpose of it was a recognition by the government at that time that the age pension only provided a very, very modest level of income in retirement, a very, very modest standard of living in retirement, and what they wanted to do through superannuation was to lift the overall standard of living of Australians in their third and fourth age, and I think that was the right thing to do. There was always a recognition
going back to that time that the introduction of super would probably not significantly reduce the overall number of older Australians receiving the pension, so it would continue to be about 70% or 75% of older Australians, but it would mean that more of them would receive a part-pension rather than the full pension.

I think when you go back to that question of what is the purpose of super, is it really there just to offset government spending through the age pension or is it intended to provide you as a person in the process of retiring and in your retirement with greater choices and a higher standard of living? If you take that view then I think you're thinking about the preservation age or when you can access your super, given the realities and the vagaries of the labour market, is quite a different answer. So I don't take the view that we should shift the preservation age and align it with the pension age because I think there are some realities in the labour market and I think there is a sense that if you're forced to defer some wages, which is essentially what the super system does, to your retirement that you are entitled to have some greater say over what you do with that money.

The last point I'd make about this, just to add another complicating factor, is that I think it is always a risk to analyse the standard of living and the financial security of older Australians through one of the multiple pillars that exist. The age pension is just one pillar. Super is just another pillar. Housing is a very important third pillar and we've been able to hedge a very, very low or modest or you might even say mean age pension here in Australia for many decades because you've largely been able to take for granted that by the time you turn 65 you'll have paid your house off, so your housing costs will probably be 4% or 5% of your pension income. Now if you haven't paid your house off or you're in the private rental market then your financial position is completely different. What we're seeing at the moment is what I call outright homeownership, so homeownership with a mortgage, among those people about to retire, which is the baby boomers now, in freefall. Not just declining, it is in freefall and it's even lower for my generation, Generation X.

So what you see is people in their late 50s/early 60s facing the prospect of not being in work, not yet qualifying for the age pension, but having a very significant ongoing mortgage obligation, more than half in that pre-pension decade of 55 to 64 are still paying off a mortgage at the moment. It used to be less than one-third only a decade earlier for the pre-boomers. So many, many more boomers still have housing mortgage obligations and if they can't access their super, modest as the super is for most baby boomers, and they don't yet qualify for the age pension they end up in housing insecurity as well as all those other problems. So I think what we need to do is try and pull all of those different strands together before we start focusing on the pension or focusing on super without recognising that really for baby boomers in particular, who tend to have modest superannuation accounts and are facing this sort of precipitous decline in homeownership, all of those traditional pillars of retirement that we've taken for granted in Australia are somewhat unstable at the moment.

HELEN WESTERMAN: So there is a little bit of a trend isn't there that people who retire and they still have a mortgage tend to pay their mortgage out with their superannuation and then they're on a pension, so they own their home outright but they end up on a pension anyway.

MARK BUTLER: And you have to say, for a lot that would make eminent sense financially.

HELEN WESTERMAN: But then there's also the counterargument about superannuation being essentially a tax haven for wealthy people in terms of the tax cuts that they can apply.
MARK BUTLER: On that John and I are in furious agreement and we’ve been saying quite a bit about this. It’s obviously a pretty fraught area politically and there’s a fair bit of debate to continue to have in the Federal parliament, but I don’t think there’s any question that the superannuation tax concessions are vastly skewed in favour of higher income Australians. I think Treasury’s latest figures that I saw show that about 40% of the money notionally spent on these concessions, about 40% goes to the top 10% of income earners and in total money terms it’s about to overtake the age pension budget, it’s going to be $50, $60 billion in the next couple of years. So it’s not small change and it is incredibly regressive.

JOHN DALEY: Yes, we do agree on this, it’s very large. I guess the way that I’d suggest we might think about this is it’s also very badly targeted. Again, we can argue about the precise purposes of superannuation, but I guess where I’d suggest we can probably agree is that on no view was it there to increase standards of living at the point where you were never going to qualify for any age pension. Or at least it certainly shouldn’t be increasing standards of living beyond that point more than it does for people who are still going to be on an age pension, but that’s precisely what superannuation has wound up being. It provides much, much bigger improvements to the standard of living in retirement precisely for the people who were never going to qualify for the age pension in the first place.

Now, you can defend that if you say, “Look, superannuation was really just supposed to basically be something that mitigates income tax rates in general”. I don’t think that was ever the purpose and it would be very difficult to see why that would be a good idea. If what you want to do is change income tax rates then you should change income tax rates, rather than creating this incredibly arcane system of superannuation, and as soon as you actually start to get into the detail it is frightening how complex it has become and it is very difficult to resist the conclusion that much of the complexity is there to hide how generous it has become to those at the top. We’ve indeed previously suggested two major reforms that would really make a difference, we don’t have to get re-elected so ours are perhaps a little more aggressive than some of those that Mark and his colleagues have suggested, but first of all to say that you shouldn’t be allowed to put in more than about $10,000 or $11,000 to super out of your pre-tax income. At the moment you can put in up to $30,000 or $35,000, depending on your age.

That might seem a little harsh until you realise the kind of people who are putting in more than $11,000 a year to their superannuation are the kind of people who are not planning to retire onto the age pension. By definition, they are probably earning about $115,000+. Although in the financial services industry that’s an average income, out there in real ATO land, Bureau of Statistics land that puts them very comfortably in about the top 7% or 8% of income earners and that means that chances are they will not qualify for a pension. So that would really start to target super at what it’s supposed to be there for, at most to help people who might otherwise get at least some pension, and that would save the Budget in the order of about $4 billion a year, which is real money, and that’s after accounting for the way that people would change their behaviour in response to that change in rules.

The other issue is around earnings in retirement. At the moment all super earnings are taxed at 15% unless you are in pension phase, which roughly speaking means you are over the age of 60 and you have a halfway competent financial planner. Any financial planner will pretty much tell you as soon as you turn 60 you want to retire at least for tax purposes. The good news is you don’t actually have to retire for real, you only have to retire for tax purposes, and at that point you pay no tax on any of the earnings of your superannuation. I should stress, we are not talking about taxing superannuation balances, we’re talking about taxing superannuation earnings, so whatever it is that the investments
generate and at the, relatively speaking, modest rate of 15%. Of course, one of the policies that’s been suggested by the ALP is to say if you earn more than $75,000 from your superannuation that should be taxed at 15% to which my response is okay, so let’s think about someone earning $100,000 from their superannuation nest egg, by definition that means their superannuation is about $2 million worth, maybe $1.5 million, but that kind of order of magnitude, so on that $100,000 worth of earnings you would be paying less tax than someone earning $37,000 a year.

Now someone earning $37,000 a year is probably never going to be amassing a superannuation nest egg of $2 million and that’s one of the problems with the system we’ve got. It’s become incredibly badly targeted and we really need to push it down. Our suggestion is tax everybody at 15% once they are in retirement phase, so in fact you massively simplify the administration of the system because all earnings would be taxed at 15%. Of course you will be worried about those who have small super balances and who will pay something, to which the answer is they’re not going to be paying that much in the first place because 15% is not a huge amount but, in any case, the bottom 75% or so if they were really worried about that could by definition moved their money out of superannuation tomorrow and, given the tax-free thresholds, would pay no tax on the earnings anyhow. Again, that’s a reform that raises about $4 billion a year and, again, would start to target superannuation a little bit more at its purposes in the sense that the people who would overwhelmingly pay that 15% tax are those in the top 20%.

HELEN WESTERMAN: But Mark is superannuation reform just too politically hard?

MARK BUTLER: It is politically hard, I’m not sure it’s too politically hard. So when John implied that we were being soft in applying a 15% tax rate to earnings above $75,000 I can say that when we announced that we were viciously accused of class warfare by the government.

JOHN DALEY: Not by us Mark, you’ll be pleased to see on the record we said you were too soft.

MARK BUTLER: No, not by those lefties in the Grattan Institute, but certainly I remember debating Christopher Pyne a number of times about it. This area is politically fraught and I think partly that is because it’s a very complex area, it’s very open to political soundbites, and I think it is an area where if we are going to have a good look at superannuation tax in particular we need to lay out some of those fundamentals, like what is the purpose of it again, why is it there as a system, and how is the system currently structured?

Maybe to wind this super discussion up, the vast disparity in superannuation accounts that John talks about distorts the averages. So when people in the newspapers, particularly the industry, talk about average superannuation accounts for a 65 year old or so they’re actually using very skewed figures. In the book I try to use median data which separates the bottom 50% and the top 50% and you get a completely different picture altogether. So the average superannuation account for a 60 year old woman is $107,000 I think (it’s in the book). The median superannuation account for a woman in her early 60s is $16,000, which means that 50% of women in their early 60s have less than $16,000 in their super, two-thirds of women in their late 60s have no superannuation, and in their 50s, so the later baby boomers, 50% have less than $30000 so there is a very significant disparity here. When you’re thinking about the fact that those women in their early 60s are probably going to live another 25 or 30 years, $16,000 is not going to get them very far.
So I think there is the need to really step out some of these basic fundamentals: what’s the purpose of the system and how is it working now, particularly from the point of view of equitable distribution?

HELEN WESTERMAN: We’ve got about five minutes before we start to take questions from the floor and I think perhaps we should talk about Budget reform in that case, just something quick. We have a structural deficit, how can we tackle that issue and still bring about meaningful reform that also tackles the issues that we’ve been talking about today?

MARK BUTLER: Maybe I’ll make a couple of remarks about the role of ageing in the context of the Budget debate, because I’ve found that the orthodoxy about ageing, not just here in Australia but in so many other countries, tends to be that ageing is going to cripple the economy, it’s going to cripple the labour market, so there’ll be all these people doing nothing, pruning their roses, getting in their Winnebagoes and travelling around the country. So it’s going to cripple the economy, it’ll bust the Budget and it will usher in some sort of gerontocracy where older voters use their sheer weight of numbers to entrench their own privileges at the expense of everyone else. This is the sort of orthodoxy that was put to me day in and day out and the book tries to deal with all of them, but particularly this idea about the Budget. Treasury now for close to 15 years has been publishing Intergenerational Reports (IGRs), which is a really good reform of Peter Costello’s, and it sets a sort of 40-year horizon about spending in those key areas that are, I guess, influenced by population profiles: healthcare, aged care and age pensions, and I’ve talked a bit already about the projections on the age pension.

But what I try to argue in the book, not being an economist so John’s probably about to pick it apart, is that there are some real problems with this. One is that the IGR doesn’t analyse superannuation tax concessions at all, it just goes after the age pension. The other problem with the IGR is that it implies that all of the increases in health costs over the coming 40 years, and we know they are going to be significant, are due to old people, it’s all due to ageing. Whereas actually if you drill down in the data probably only about 10%, at best the highest estimate I’ve been able to find is 25%, but generally Treasury and the Productivity Commission say about 10% of the future increases in health spending is due to ageing. All the rest is due to the fact that healthcare is just becoming more expensive, medicines are becoming more expensive, the machines that go ping in the hospitals are becoming more expensive, people of all ages are using vastly more healthcare services than they did in previous decades.

So to attribute all of those increases in healthcare costs to ageing is just misleading and just feeds into this idea that ageing is going to bust the Budget. So actually what happens is if you add those three areas, age-related increases in health, age pension increases if you keep the existing arrangements in place, and aged care increases, you get in 40 years’ time an increase of about 2.1% of GDP, which is about $30 billion in today’s dollars in 40 years’ time. Now interestingly, the flipside of the fact we’ll have more older people is that we’ll have fewer children, so you also in the Treasury data see that you get reductions in childcare, you get reductions in education spending, and you get reductions in family payment spending which, coincidentally, add up to 2.2% of GDP. So the change in population profile, which is particularly a shift in the children’s share of the population and the older Australians’ share, is about 2% of GDP up and then down.

Now the Budget is vastly more complex than that and there are very significant challenges that our Budget has. Maintaining our revenue base, those big increases in healthcare spending that are about...
the unit cost of healthcare and a range of other things, these are very big challenges but they should not be blamed on ageing because it is not about ageing. There are broader issues at play that do require serious attention, but let’s separate the issues.

HELEN WESTERMAN: John?

JOHN DALEY: Well, this is I think another area where Mark and I are in vigorous agreement. If there is no policy change and essentially all you do is project that the ageing of the population through, as it were, your budgetary model over the next 30 years, it doesn’t make that much difference. In fact, it’s surprising how little difference it makes. But of course the key point there is “assuming no policy change” and that’s where I probably am not so confident. Indeed, if we just look at what’s happened over the last 10 years we can see there have been a series of policy changes and implicit budgetary choices that have created very substantial problems and which do have a very substantial age dimension to them.

So if you take the contribution or withdrawal from the Budget pot, if you like, of an age group it’s always been the case that younger households contributed, they paid more in tax than they got in education services, health services, welfare payments and so on, and that 65+ year old households have always been net withdrawers from the pot as, by definition, they’re paying less in the way of tax but, on the other hand, they’re taking more out in the way of health services and pension. So that’s not surprising and I guess that’s always been the generational bargain that you essentially put money into the government pot while you’re working and when you’re retired you wind up being a net withdrawer from the pot. Here’s the catch: if you look at the last eight years the net withdrawal or contribution to the pot hasn’t changed for most age groups, but for the over 65 age group they were always net withdrawers from the pot, but that net withdrawal has gone from $22,000 per household per year to $32,000 per household per year in real terms. You multiply that $10,000 difference through by the number of households and we are talking about a $20 billion hit to the Budget and that is big enough to care, that’s well over 1% of GDP.

When you then break down what’s driven that big change the answer is a couple of things. One is we’ve had a series of policy decisions to increase the amount of the age pension and broaden eligibility and those decisions have happened under governments of all colours. Secondly, yes, there has been a change in health, health spending has roughly doubled for all age groups over the last 20 years, but of course when your starting point is $3,000 per person as it is or was for 60 year old, and now of course it’s more like $6,000 or $7,000 per person, the impact on the Budget is very large. And don’t get me wrong, that is money well spent, by and large it has led to much, much better outcomes in terms of health. Anyway you cut it, Australians are doing very well out of the health system and much better than they used to, but the catch is someone’s got to pay for it.

The third thing is on the tax side, so households over the age of 60 today pay less income tax in real terms than they did a decade ago. Now that’s not true for any other age group, not even close, because over the last decade real incomes for households in Australia have gone through the roof, up by about 35% or 40%, and so obviously taxes have gone up in real terms as well. So what’s driven it is that we have substantially increased the tax-free threshold for households over the age of 65, the Senior Australians Pension & Tax Offset (SAPTO) means that those households have a tax-free threshold not of $20,000 like most households but $30,000, that’s quite a material difference, and
secondly the superannuation rules have made it very easy for well-off older households to pay much less income tax than they would otherwise.

If you put all of those things together and you’ve got that big jump per household of $22,000 to $32,000 over a decade, that’s what I think should really worry us going forward. And I hear the argument in Mark’s book that there is no gerontocracy, although I note that you then go on to detail just how powerful the seniors and COTA lobby groups are, and I would note there is no countervailing force. So there is a really strong voice in Canberra about, “This is what you should do on pensions, this is what you should do on super, this is what you should do on all the things that will affect older people” and there is no countervailing voice that says, “Well that’s all very well, but who’s going to pay for it?”

MARK BUTLER: Can I answer that?

HELEN WESTERMAN: Yes, as long as you’re not in furious agreement because I’d feel as if I was a failure as a moderator.

MARK BUTLER: I’m not sure I quite make that argument about COTA and National Seniors. I’ve tried to say that I think they’re very responsible, constructive players, I think both of them have probably gone further than either of the major political parties around superannuation tax concessions, for example. But I think maybe to close off this part of the debate one of the problems with economic analysis of ageing or of population generally is that it’s very narrow. It essentially focuses on two or three economic activities, the performance of paid work, the payment of taxes, and the receipt of government transfers or welfare, and it carries with it a real sense of what Hoc key called “lifters and leaners”. You’re either in one column or you’re in the other and I think what we’re seeing with the ageing of the population is that the boundaries are much greyer.

The National Transfer Accounts, which is a new innovation here in Australia run by the Australian National University (ANU), I think, is a much more calibrated approach to economic activity and different ages and broadly it aligns with the sorts of changes in your lifecycle that John talked about. But I think what official economic analysis of ageing usually misses is that particularly a healthy older population in the third age, in their 60s and their 70s, is volunteering, is undertaking enormous amounts of informal caring that has an economic value as well as obviously an enormous social value, and up until their 70s the ANU accounts show that actually if you look at all transfers, not just the payment of income tax but intra-family transfers, that older Australians well into their 70s are net payers rather than receivers because they’re usually involved in paying a whole lot of money out to their children and their grandchildren still.

So I think what also this process has shown me and I’d like to think would show others is that we must get a bit more sophisticated about our analysis of what’s going on in the economy as the population profile changes.

HELEN WESTERMAN: I guess that sort of ties in with the theme of this evening, the generational bargain. I was going to ask both of you if you thought that it was dead or perhaps it’s just living in a different guise.
MARK BUTLER: A really interesting insight for me was last year’s Budget. There were so many things to focus on in last year’s Budget, but two of the very big things out of last year’s Budget were the changes to age pension indexation. Now moving from wage-based indexation to inflation-based indexation would have just had an extraordinary impact on poverty levels among older Australians just an atrocious impact. The other one of course was university fee deregulation and the 100,000 university fees, and you would have thought if this theory held that basically people stick to their own generational interests that younger people would have gone, “Yay, yay” about those pensions and, “Boo” about the university fees and the reverse would have happened.

Actually what we found in the research as well as anecdotally was older Australians were utterly furious about the university fee policy, utterly beside themselves because, funnily enough, they’ve got grandkids. They’ve got grandkids and they were not only thinking about their grandkids, they were thinking about the national interest and all these other things. And the highest level of opposition to the pension changes was actually not the 65 year olds and above, it was younger Australians who were the most opposed to the pension changes. So I think actually Australians get it, that your existence is not a point in time existence, your existence and your family’s existence crosses the lifecycle and I still think the intergenerational compact that’s such an important foundation for our Australian community is still very strong.

HELEN WESTERMAN: I’m just conscious that I’d like to leave some time for questions from the floor, so John, I don’t mean to cut you off, but would you like to respond to that?

JOHN DALEY: I think the intergenerational bargain is alive and well. What we’re arguing about is its precise terms and what we’re arguing about is ensuring that it remains viable. I think the other piece that we talk about in our Wealth of Generations report, which you can’t buy in the foyer but you can download for free, is there is a genuine risk of seeing a younger generation that winds up at least financially worse off than its parents, and that’s always been a fundamental part of the generational bargain is that we would set things up so that each generation wound up doing better. Not surprisingly, most grandparents and most parents want their children to live better lives than they did, it’s a very human thing, and that’s at risk. It’s already broken down in the United States and the United Kingdom and it’s starting to lead to some pretty ugly-looking intergenerational politics in the United Kingdom, as you would expect when you start to see that kind of thing happening.

We are not yet seeing that in Australia and that’s a jolly good thing, but I guess it’s something that we do need to be alive to, particularly as the economy slows down. If the economy keeps trucking along then it’s very hard for one generation to be worse off than the last one, but if the economy slows down, and that’s where we appear to be at the moment at least in real income terms, and if at the same time you have these big shifts in wealth as a result of falling interest rates, if the rates of owning your own home outright are falling very rapidly for 60 year olds, the rates of owning any home at all are falling like a stone for 35 year olds. That’s the part of the generational bargain that I worry about the most. I don’t say that it’s fallen apart today; I do say it’s something that we need to watch about.

HELEN WESTERMAN: I think that would be a shared concern for most people in this room. If we have any questions from the floor, if people would just like to raise their hands and if you could just keep the questions reasonably pithy.
AUDIENCE: Just touching on the last subject, I was wondering if either of the speakers had any thoughts or proposed solutions to the housing affordability issue?

HELEN WESTERMAN: It does affect all generations.

MARK BUTLER: It does. That’s even harder I think than the superannuation tax issue that we were talking about, how to deal with housing affordability. We, as a nation, just piled money into the housing market over the last 15 years, which at a time when the population was growing very fast as well meant that we just had this extraordinary housing bubble that will be very, very hard to unwind. I don’t use that term lightly, but it’s a term that the Head of the Reserve Bank has used, it’s a term that the Head of Treasury has used. If you look at any indictor, price rents or prices to incomes, our housing prices are just way above what any usual analysis says they should be. Now that’s hard to unwind because if you do unwind it fast, as happened in the US and many European economies after the sub-prime crisis, you crash the economy because so many people have their wealth invested in their house and you don’t want people to move into negative equity.

So it’s a really tricky issue. Ultimately I think it comes down to supply and that’s the most important thing to start getting right is unlocking supply, particularly in Melbourne and Sydney, but I can’t pretend it’s going to be quick. That 15 years of remarkable investment in housing is going to be very, very delicate to unwind.

HELEN WESTERMAN: John, the super story is an integral part of the housing affordability story isn’t it in terms of people are allowed to become property speculators essentially through their superannuation funds?

JOHN DALEY: In terms of self-managed super that’s certainly a part of it and I think an even bigger part of it is people investing in housing outside of superannuation as a geared investment. Negatively-geared housing is a very attractive investment in many ways, depending on the price. I’m not suggesting it’s a good idea, I’m just saying given the tax treatment, and all other things being equal, it’s very attractive. So the tax is clearly not helping and we’ve spoken at length elsewhere about the way that the negative gearing and capital gains tax rules probably need some revision because they’re essentially balancing the housing market towards investors rather than towards owners more than they used to, particularly if you go back to before about the year 2000.

But I would agree with Mark, the much bigger issue in the long run is around supply and there I think we need to be very clear about what kind of supply will make a difference. We can build a lot of apartments in the centre of Sydney and Melbourne, and indeed we have, but at the end of the day there is just not that much land in Melbourne and Sydney and it doesn’t matter how many storeys you go up, you are never going to build that many apartments in the three or four square kilometres of our CBDs. You can release more land right on the edge of our cities, but the bottom line is that if you live there your access to jobs is very, very poor. People who live on the edges of our cities, very few of them in fact work in the CBDs and it’s worth remembering that in the five years between the last few censuses more than half of the new jobs created in Melbourne were created in the CBD and the 10km around it. So if you are living somewhere that doesn’t have access the chances are you are missing out on most of the new jobs that are being created.
So what we’re really talking about is the extent to which we build housing in what you might describe as the middle rings of our city, more than 4km or 5km from here but no more than about 15km, very roughly speaking, between Toorak and Camberwell. And by definition, those places have very good access to transport and it’s already there, by definition they are very nice places to live, and by definition they are pretty much single storey housing as far as the eye can see and locked up by planning regimes that generally make it very hard to sub-divide, even into things of two or three storeys. If you look at European cities that have much higher densities than Australian cities it’s not because they are wall-to-wall 15 storey apartments, it’s because they have a lot more of that medium density housing, which our planning regimes make very difficult to create because it’s very difficult to get planning permission and everybody says that this stuff is terrific, so long as it happens in the suburb next to mine.

AUDIENCE: I’m going to be quick but it’s going to be a little story. We’ve been conditioned to pay taxes during our working life of 40 or 45 years, so let’s make the assumption that 65 years of age is retirement, but my beautiful wife and I have managed to accumulate $5 million either in superannuation or other assets. What is compellingly wrong with everyone automatically getting their age pension and at the end of the financial year all their incomes, including the pension, are totalled and we pay taxes just like we have during our working life even if that goes to 95? For example, if we’ve got incomes of $400,000 per annum including our taxes we split in two then we would pay taxes of approximately, say, $80,000, but the government has only given me $25,000 in pension. They’re going to gain $50,000 or $60,000 out of my other assets.

What is compellingly wrong with such a simple solution?

HELEN WESTERMAN: John?

JOHN DALEY: I’m struggling to answer that question other than to say I agree. Obviously if you’re holding those assets outside of superannuation you do pay tax on them. I will confess I don’t quite understand what the rationale is for having a higher tax-free threshold for older workers. It beats me why inherently a 60 year old should have a higher tax-free threshold than a 30 year old and, similarly, it beats me why we are so generous in terms of having no tax on superannuation earnings once you are over the age of 60.

MARK BUTLER: But John dodged the question which was, why do we means test the pension? I think there was a long debate for probably 30 years in Australia about whether the age pension should be absolutely universal.

Some people argued that, using John’s earlier analogy, you put in for 40 years paying your taxes and that it shouldn’t really matter, you should get the age pension whatever your position. Others argued that not to give an age pension was a disincentive against saving and that people would deliberately not save in order to get the age pension. Those are all arguments that played out largely in the ’60s and ’70s. Both major parties were in the process of abolishing means testing altogether in the pensions until the Hawke and Keating regime came in place and we had a very significant restructuring of the Budget and the economy. And we, as a Labor government, I mean I wasn’t a part of it, but we introduced means tests, income testing and assets testing, opposed at the time I might say by the Liberal Opposition, but that was put in place and I think is now accepted as the right thing to do.

Policy Pitch - Striking a new generational bargain Melbourne 17 November 2015. Edited transcript, transcribed by Bridie’s Typing Services p.15
Now I haven't given any thought before to the proposal you make, but I think given the myriad of difficult debates we're having at the moment around retirement incomes that we'll probably just try and keep the means testing one back in the 1980s.

AUDIENCE: I'm going to tell a story as well. I'm 81, I did my last paid work when I was 77, I've raised two children partly on my own, and I live on the pension. I am a uni graduate, I've worked in intellectual-type roles and community sector roles for most of my life and I continue to work as a volunteer because nobody will now employ me, even though I have skills to share. When I started work and when I was well into my working life and just about to go back to work after having children was the first time that I ever had access to superannuation and I was never able to accumulate a very large amount, and I did what most older people, particularly women, do, when I finally retired I spent my last little bit of super on paying off the last of my mortgage because I was concerned that I didn't want to have what was even then looking like a long life after retirement and still be paying rent.

I know dozens of women very well because I work for a not-for-profit that works with a lot of older people who are not nearly as lucky as me and are on the verge of, if not already, in severe housing stress. As I saw in the paper a while ago, the fastest growing proportion of homeless people is older women forced into homelessness through not having access to things. The other thing that I just wanted to comment about is there's been no mention of the many hundreds of thousands of people like me and older who weren't lucky enough to be baby boomers, didn't grow up in an age of superannuation so had little or no opportunity to accumulate anything, and there's no recognition in some way through the pension. If we happen to live to be 100, and I've just lost two friends in their late 90s, we are living on nothing basically, that's my point.

HELEN WESTERMANN: I think that really sums up quite a few of the issues, particularly for women, in this whole debate. John, do you want to go first?

JOHN DALEY: It raises the very important issue about what do we do for women, particularly with broken work histories, and do we create some kind of special super concessions for them that encourages additional contributions in one way or another, or do we think about it differently. Now the conventional answer is that's why we need to allow people to make very large contributions to superannuation later in life because they can catch up. It strikes me that those arguments are routinely made by rich old men who suddenly show a very deep concern for women with broken work histories at that point because they know the people who will use those provisions most overwhelmingly will be rich old men. Because any way you set up those things they wind up being used by people who've got lots of free cash and, by and large, that's not women with broken work histories; it's rich old men and, of course, it has a big impact on the Budget.

I think a different way of approaching this question is to say if that's the problem we have, if we do have women who have had broken work histories, women who, for whatever reason, wind up with not a huge number of resources in retirement, then maybe much better is to target that government response deliberately through the age pension, deliberately through housing assistance. One thing you will notice I have not even remotely suggested tonight is reducing the base rate of the age pension. It strikes me that that's something that is certainly not too high because if your only income is the age pension you're not doing that well and, in particular, if you do not own your own home you are probably under quite significant financial stress. I think there are real arguments to be put for not so much increasing from here the level of the age pension as increasing rental assistance, because
inherently that would target the most vulnerable in this group that we’ve been talking about, which is people who are on the full age pension but who do not own their own home and inherently rental assistance is targeted at that particular group who I think are those under the most stress at the moment.

HELEN WESTERMAN: Mark, would I be correct in thinking that you’re in furious agreement, which would be perfectly fine?

MARK BUTLER: Yes.

AUDIENCE: I was just listening to you and you said women, for whatever reason, have not accumulated sufficient superannuation. What about the gender pay gap and the real inequity that that results in over a lifetime and doing something about that?

JOHN DALEY: I couldn’t agree more and if I had a magic wand to reduce that pay gap I’d be reducing it, but the point I would make is that’s not a problem with superannuation. That’s a problem with the gender pay gap and absolutely that’s something we should be doing whatever we can to solve but, as we know, it is a very difficult problem. I guess that’s why Mark gets paid the big bananas to be a Minister, to solve problems like that.

MARK BUTLER: You’re right, this is not a generational issue, this is an issue coursing through the generations. There aren’t many pre-boomers that have superannuation if they weren’t in particular jobs, like the public service or universities and such like, and, as I said, the boomers generally have only very modest access to super because it only came in as a system well into their working lives. But Gen X, my generation, is the first generation which will have spent all of their working lives under the occupational superannuation system and already Gen X women have half the amounts in super that Gen X men have. So this is a problem coursing right through the system, it essentially reflects broken time in the workplace through child-rearing and the structural gender inequity in pay that we’ve been trying to nail since Mary Gaudron went up and argued the equal pay case in 1972 and still haven’t nailed.

So there are some very broad issues at play which end up feeding into the superannuation system. If you’re very interested in this area, the Senate currently has an inquiry into the gender gap in superannuation which I think is going to go for a little while. These Senate inquiries are really good, they get around the country and they really do have an ability to drill down into some of these issues. So if you log on to the Senate website you might be able to access some details about that inquiry.

[Audience comment inaudible]

HELEN WESTERMAN: So essentially if the gender pay gap isn’t solved then it does become a generational issue.

MARK BUTLER: I think further to your question, we’ve said that there’s a structural problem with super at 9% and Keating said and most super experts say really you need super at 12% to 15% to deliver a decent standard of living in retirement. But even if you did that I think we’ve learned that there are just these structural inequities that are essentially gender-based, not entirely gender-based, there are a whole bunch of class inequities as well. So this inquiry I know is raising different, more
innovative ideas about how you would deal with this structural challenge, whether that’s additional payments or a range of other things I know that people are including in submissions to this inquiry. We’re only at the beginning of this discussion.

HELEN WESTERMAN: I think we have time for one very short question, we’ve just got a couple more minutes, so that we can finish up on time.

AUDIENCE: I’m interested in what’s un-costed in this intergenerational bargain, such as informal care which is grandparent care, and we know that’s vital, that’s mutigenerational care, that’s helping the kids stay in the workforce, and the cost of volunteerism. I’ve done an analysis for National Seniors, this cost comes well over the cost of the age care budget at a total cost of $65.7 billion, and that was conservatively costed on Bureau of Statistics and other figures. So if you start to look at costing what’s un-costed, particularly the cost for disability, for core mobility restrictions, and women in fact are doing far more of that, and foregone participation in the labour force, how can we bring that set of statistics to counter the great burden of the ageing population that we hear about? Again, it’s a combination of un-costed intangible care.

HELEN WESTERMAN: Just quickly, Mark?

MARK BUTLER: You need two things, one you need a broad acceptance that does have a value or a cost, depending on which side of the equation you’re talking about, and I don’t think we’ve got there yet. I think there’s a better level of understanding and consciousness about that than there was some years ago, but still the economic analysis tends to focus on those three activities I talked about earlier. So there’s more work we have to do there, but even if you get there you’ve got to measure it.

So when I was the Minister we introduced funding to increase the frequency of the survey that ABS does on carers and a couple of other things. So to do that every few years is I think really important to ensure that it ends up as a part of the ABS analysis because, at the end of the day, as we know in government so much of policy development comes back to what the ABS finds in the census and in a whole range of these important surveys. You have to value it in a philosophical sense, economic sense, and then you have to measure it, and only then will it start featuring in policy development.

JOHN DALEY: Although the really interesting thing Mark is we have been collecting some quite good statistics as you point out, in fact on the census we collect a really good question on childcare. The census asks the question “Have you looked after somebody else’s children in the last two weeks?” which gives you a pretty good idea about grandparent caring. And here’s one of the really interesting things, everybody says that this is a reason why we shouldn’t move the age of access to the pension or the age of access to super because it will lead to more old people working for longer and then that will lead to a big reduction in childcare. It turns out no-one had ever bothered to cut the numbers, which took us a grand total of an hour, to discover that actually rates of childcare are exactly the same amongst older people who are working and older people who are not. Ditto when you look at volunteering you discover that volunteering rates are almost exactly the same amongst older people who are working and older people who are not.

Now I’d be the first to agree that childminding and, frankly, child relationship and also that volunteering has an enormous value, but I would also agree with you that we need to be very clear about what the implications are for policy because sometimes they’re a bit different from what you...
expect. Everyone might expect that's a reason why you shouldn't be delaying retirement, actually on the numbers it looks like that's not such a big deal.

HELEN WESTERMAN: I think that we'll wind up. Thanks very much.

JOHN DALEY: If I could just say thank you, on behalf of the State Library and Grattan, to Helen and to Mark for being fabulous panellists and I think a great discussion, thank you. Secondly, to thank everybody who has made tonight possible, the Grattan and Library staff who make everything from the invitations to the recordings of this, which means that this will be available online.

Finally, some quick advertisements, I mentioned Grattan's *Wealth of Generations* report which is on the website available for download. Unfortunately if you download it you download it for free and consequently, unlike Mark's book which if you buy it in the foyer and, of course, is much more nicely bound than ours can be, the profits from which go to the Alzheimer's Australian Dementia Research Foundation and if you're having trouble getting all of that onto the cheque then the Hazel Hawke Fund will do. It is a very interesting book. As you can see from the conversation, it's certainly sparked off a huge amount of policy discussion and Mark, thank you very much for the contribution it's made to the public debate.

Thank you all for coming.

END OF RECORDING