Australia's ageing population will become a serious problem unless policies are put in place now.

The International Monetary Fund released its assessment of the Australian economy on 9 November. Treasurer Peter Costello seized the opportunity to refer to what he claims is the “biggest challenge” Australia faces in a structural sense – the ageing population. Indeed, current projections reveal that by 2025 there will be fewer Australians in the under-20 age bracket than there are Australians aged between 60 and 80.

The overall policy position of the Securities Institute is that the provision of a financially secure retirement for older Australians is crucial, and governments must adopt integrated long-term approaches to retirement incomes.

It seems that this well-documented issue is top of mind for the fourth Howard Ministry, with the Minister for Revenue and Assistant Treasurer, Mal Brough, also calling for public consultation on the government’s transition to retirement policy. (The Securities Institute will lodge a submission to Treasury by the 10 December deadline.) The Treasurer’s policy statement, *A more flexible and adaptable retirement income system*, was released early this year, ostensibly heralding a new era of flexibility and choice. Mr Brough’s review focuses on Australians “retaining a connection with the workforce” and with issues such as:

- the characteristics of the non-commutable income stream – whether a cap should apply to the amount of superannuation benefits a person can access;
- whether only part-time employees should have access to the policy; and whether it should be compulsory for superannuation funds to offer transition to retirement for members”.
- The election campaign also provided a backdrop for both major parties to talk ‘retirement’ and hence secure the ‘grey vote’. Securities Institute CEO Brian Salter sent correspondence to Mr Brough welcoming the Coalition’s election promise to promote older workers in the labour market. The Institute supports the need to maintain productivity and we also noted the Coalition’s election commitment to establish a ‘Future Fund’ to meet the spending pressures of an ageing population.

The ageing population debate is also alive in government departments. The Productivity Commission called for public comment on the economic implications of Australia’s ageing population. The Securities Institute met with senior representatives of the Commission, including Assistant Commissioner Dr Ralph Lattimore, and we lodged a submission on 30 September. The main policy areas that the Institute’s submission addressed included: the impact of an ageing Australia (particularly on retirement incomes); options for funding retirement (for example superannuation, market-linked income streams and pensions); and the role of financial literacy and consumer education. The Institute’s view is that the government must implement strategies now and plan for the retirement of generations such as the ‘baby boomers’ of Australia.

Indeed, the private provision of retirement savings throughout a worker’s life is an important piece of a complex puzzle that will ultimately assist in solving the challenges that an ageing population presents.

The Securities Institute looks forward to its ongoing participation in this crucial policy debate and consultation with all sides of politics in the coming sitting sessions of Federal Parliament.