

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 69

Topic: Costs of ageing population

Hansard Page: E30-31

Senator MURRAY asked:

Has the federal government considered how future governments will meet these costs in the absence of growing revenues from taxes on superannuation benefits?

Mr Callaghan—Your question is to what the federal government has considered. I can only refer to the discussion paper that was released in 2004 by the government entitled *Australia's demographic challenges*. In that the government outlined that its preferred solution to address the challenges of an ageing population was to implement policies designed to grow the economy more quickly. The government noted in that report that the best way to achieve higher economic growth was via increases in labour force participation and productivity.

Senator MURRAY—The 2004 announcement and the 2005 Productivity Commission report were both made without the advantage of the changes that have been put through the budget and which will presumably be introduced later in the next financial year. Can you take that question, on notice, to the Treasurer for a response?

Mr Callaghan—Yes.

Answer:

The changes referred to by Senator Murray will be considered in preparing the next Intergenerational Report due by May 2007. In the interim the paper referred to by Mr Callaghan and the Productivity Commission report remain useful references.