

# Age Bias in the Australian Welfare State

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## Abstract

*This paper uses Australian Bureau of Statistics fiscal incidence figures to track trends across the period 1984 to 2010 in one key aspect of the Australian welfare state — whether welfare policies have favoured the elderly at the expense of the young. Our three main findings are: that there has been a substantial shift over this period in favour of the elderly; that this trend has accelerated rapidly in recent years; and that as a result of this accelerated trend, elderly households today are on average well off by comparison with younger households. We see little influence of party politics or ideology on the processes we are describing.*

## The lifecycle dimension of the Australian welfare state

At the most general level, the welfare state is in part about ‘vertical equity’ — the redistribution from those who have more to those who have less. But individuals within any income or wealth bracket vary according to gender, age and family responsibilities, and social policy also takes an interest in these so-called horizontal categories. In this paper we are interested in the horizontal dimension of age. Our focus is on lifecycle stages. How does the Australian welfare state treat the elderly as compared with young adults and adults in mid-life? We present an analysis of this key aspect of the Australian welfare state, based on the evidence of Australian Bureau of Statistics (ABS) fiscal incidence surveys. There are six surveys, taken at five-yearly intervals, beginning in 1984 and ending (most recently) in 2009–10. We aim to determine whether — and, if so, to what extent — spending and taxing have tended to favour the elderly and drifted away from supporting the young across this 26-year period.

Leading Australian welfare analysts today tend to see the welfare state in terms of its impact on both age and family. In their 2001–02 fiscal incidence study, Harding *et al.* (2006: 195) concluded that the ‘impact of the welfare state ...

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varies greatly by household type, with older Australians and sole parents emerging as the largest gainers from redistribution'. They added that 'while there is substantial redistribution toward lower income couples, on average couples with children are not net gainers from the taxes and benefits considered in our study'. Cox (2003: 111) reached the same conclusion in his cross-national analysis: 'In general, the welfare state redistributes away from childless couples under retirement age and couples with children towards single people, sole parents and the elderly. The extent of redistribution away from couples with children is greater in large than in small welfare states.' In Australia, he noted, this redistributive effect is relatively small but the pattern is the same. Putting aside the case of support for sole parents, on these views the Australian welfare state transfers resources from the relatively income-rich but asset-poor stages of youth and mid-life to the relatively income-poor but asset-rich stages of later life.

These analyses raise two questions. First, what is the relative magnitude of these lifecycle transfers, when compared with vertical redistribution? Using data from the early 1990s, Falkingham and Harding (1996, as summarised in OECD 2008: 100) quantified this as follows: 'in Australia, 38% of lifetime benefits received by individuals, on average, were financed through taxes they paid at another stage in their lifecycle, and the remaining 62% of lifetime benefits involved redistribution between rich and poor'. We won't pursue that point here. Secondly, how stable is this pattern of lifecycle transfers across time? Some analysts contend that as welfare states mature, policy favouritism drifts from the young to the elderly. The growing bias of the welfare state towards the elderly is a theme canvassed internationally (see, for example, OECD 1988; Thomson 1996; Thomson 1999; Pierson 2006: 212–21). In the Australian literature, the focus has been on the fiscal sustainability of current policies given concerns about an ageing population (PC 2005; Harmer 2009; Henry 2009). Our purpose here is to analyse what has happened to age-related transfers in Australia in the past few decades. Our hypothesis is that expressed by Thomson (1996; 1999): net social support has shifted away from the young and towards the elderly.

## **Estimating 'final income'**

Fiscal incidence analysis quantifies the effects of government social expenditure and taxation on household incomes. In this analysis, social expenditure includes cash expenditure on pensions, benefit and allowances, but it also counts in-kind expenditure on health care, education and housing — these are estimated on the basis of government spending. The taxation figures include both personal income tax and consumption taxes such as the Goods and Service Tax whenever these can be ascribed to households. By taking into account both in-kind social

expenditures and taxation, fiscal incidence analysis provides a richer picture of the welfare state than conventional analysis, which tends to stop at the level of direct social expenditures. Indirect social expenditures total 50 per cent more than direct social expenditures, and progressive income tax has a greater redistributive effect than direct social expenditure (Fenna and Tapper 2012). Fiscal incidence analysis includes all levels of government, and is therefore superior to simply tracking Commonwealth budget trends as a means of gauging policy trends.

The key results of this kind of analysis are the 'final income' and the 'net benefits' for each household type. 'Final income' is the net of private income, taxes on income, the Medicare levy, family tax benefits, taxes on production, and social expenditures in cash and in-kind.<sup>2</sup> 'Net benefit' is the sum of social expenditure minus household taxes. The fiscal incidence approach makes it possible to compare private incomes with final incomes, with the difference between the two being the redistributive impact governments have on household budgets. The ABS fiscal incidence figures include data on households classified by age of household head. It is now possible to track household types classified by age group across 26 years. This permits us to examine age-related changes in welfare redistribution across time, thus moving beyond static pictures of the welfare state at particular points in time.

All else being equal, policy intentions and actions should correlate with fiscal incidence evidence at the household level. But all else is rarely equal. Spending increases intended for particular categories may be swallowed up by increased taxes or unnoticed losses in other parts of the budget. Lynch (2006: 4) has attempted to measure the 'age orientation' of welfare states using what she terms the Elderly/Non-elderly Spending Ratio, defined as 'the ratio of direct social expenditures on the elderly (pensions and services for the elderly) to spending on the non-elderly (unemployment benefits, active labour market policy, family allowances and family services), adjusted for the relative size of the elderly and non-elderly populations'. This is very useful as far as it goes; however, this measure suffers from its failure to include taxation. The strength of the fiscal incidence surveys is that they track both social expenditure and taxation on households. The sum of the two is the 'net benefits' of taxing and spending. We think this gives a more robust guide to policy trends and effects.

It is important to note that the fiscal incidence figures do not track actual households but household types.<sup>3</sup> As their circumstances change, individual

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2 All dollar figures in this paper have been adjusted for inflation, using 2010 as the base year. In the tables below, the figures shown are the mean for the sample of the household type. Taxation figures are not actual reported figures but are imputed from standard tax rates. For some cautions about using ABS figures to make comparisons across time, see ABS Cat. No. 6537.0, 2001, 53–55.

3 Tracking actual households would require a panel study such as the Household, Income and Labour Dynamics Australia (HILDA) survey. At present HILDA has just 10 years of data.

households move in and out of these categories. The fiscal incidence trends indicate changes in policy outcomes, not changes in actual households. However, because the period covered by the fiscal incidence surveys includes 15 years of Labor government in Canberra (1984–96 and 2007–10) and 11 years of Coalition government (1996–2007), we can attempt to match up policy intentions with policy outcomes. How far did Labor or the Coalition achieve what they set out as their policy aims? In this paper, we will be both analysing changes in the fortunes of different age groups and family types while also exploring the question of how policies have translated at the household level.

## **Policy 1983 to 2010**

### **Labor, 1983–1996**

The cornerstone of the Australian welfare state is the age pension, until recently available to men at age 65 and women at age 60. The scheme has always been non-contributory and means tested, with both income and assets tests. The Fraser government had removed the assets test in 1976, but the Labor government restored it in 1985, signifying a desire to keep elderly entitlements under control. Since 1972, when the Whitlam government raised the single age pension from 20 to 25 per cent of male average weekly earnings, it has stayed close to the 25 per cent mark (Harmer 2009: Chart 4: 33). Labor's commitment to tight control of pension costs was expressed by former Finance Minister Peter Walsh. Responding to those who say 'we have paid taxes all our lives and therefore we are entitled to a pension', he remarks:

Except for a brief period between 1976 and 1984, there has always been an assets test, which prior to 1976 was much more rigorous than it is now. Today's aged may or may not have paid taxes and, if they did, they paid taxes commensurate to funding a much more targeted pension, paid at a much lower rate to a smaller proportion of a smaller aged population. ... By any measure, today's aged are treated generously — more generously than they treated the aged when they were of prime working age (Walsh 1995: 112–3).

Labor did introduce one radical change: compulsory superannuation, intended ultimately to replace the age pension for most wage and salary earners. Employers were required to withhold a set percentage of employee wages or salaries for accumulation in a superannuation fund. The aim was a dual one: to improve the adequacy of retirement incomes, and to reduce the long-run cost of retirement incomes to the public purse, especially in light of demographic trends. This applied, however, to a future generation of elderly, not to those currently nearing retirement.

## The Coalition, 1996–2007

In the retirement incomes system, the Coalition confirmed in law the principle that the single age-pension rate was to be 25 per cent of male total average weekly earnings. It was as willing to provide substantial — though means tested — support to the elderly as to support families with children. It also accepted the principle of compulsory superannuation, though it declined to introduce further increases beyond the nine per cent contribution level.

## Labor 2007–10

The Rudd government was elected on a commitment to supporting ‘working families’. Nevertheless, a major review of the financial status of seniors was instigated, published as *The Retirement Income System: report on strategic issues* (Henry 2009). This led to a substantial increase in the single age pension in 2009.

## Taxes, benefits and age groups

In the next two sections we summarise trends at the household level, using age group data for the period 1984 to 2009–10. Is the welfare state skewed towards the elderly? And has there been a shift in welfare priorities from young to old? The fiscal incidence figures allow us to discover any skewing and to track this kind of trend. The ABS breaks up its incomes data into age brackets. In Table 1 we compare the net benefits to each age group from 1984 to 2009–10.

**Table 1: Net benefits by age group, 1984 to 2009–10 (in 2010 dollars per household per week)**

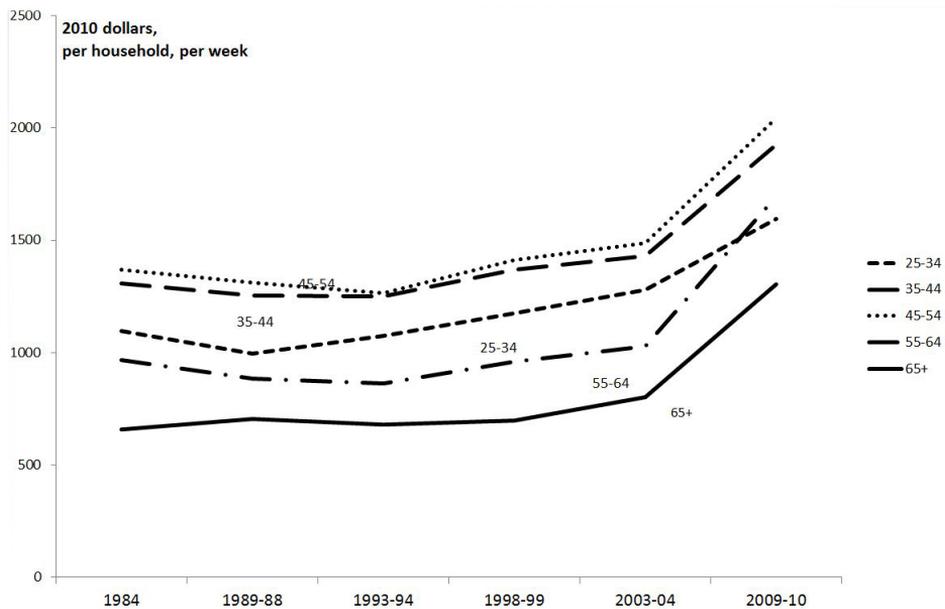
Ages	1984	1988–89	1993–94	1998–99	2003–04	2009–10	Change 1984 to 2009–10
15–24	-68	-127	3	47	-5	14	+82
25–34	-113	-200	-50	-50	-149	-145	-32
35–44	-21	-105	-13	18	-21	44	+65
45–54	-129	-179	-131	-168	-171	-96	+33
55–64	18	-19	78	58	-17	-7	-25
65+	341	372	422	416	436	602	+261
All	14	-37	53	51	18	91	+77

Source: ABS Cat. No. 6537.0. ‘Net benefits’ is defined in the ABS’s ‘Explanatory notes’ as ‘total benefits minus total taxes’.

If we compare each age group with the trend for all households, two things stand out. First, there are large losses to two age groups: those aged 25–34 (down

\$109pw compared with the general trend) and those aged 55–64 (down \$102pw); and there are large gains to those aged 65 and over (up \$184pw). Support has swung sharply towards the end of life.

In Figure 1, we compare final incomes in these age groups across 26 years. The general trend (not shown in Figure 1) is flat for the first decade, rises slightly in the second, and rises sharply in the last six years; overall there is a 59 per cent gain. The relevant question is whether the five age groups rise or fall relative to that general trend. The youngest groups, 15–24, 25–34 and 35–44, gain by 44 per cent, 45 per cent and 47 per cent respectively. The middle age group, 45–54, gains by 50 per cent. The 55–64 age group remains rather flat in the first two decades, then leaps dramatically in the last period, gaining 75 per cent overall. Similarly, the elderly group, 65 and over, gains in the last five years, rising 98 per cent overall. Thus, the older groups gain relative to the general trend, while younger households fall relatively. The swing favouring the elderly is largely a feature of the 2000s.



**Figure 1: Trends in final incomes by age group, 1984 to 2009–10**

Source: ABS Cat. No. 6537.0.

How should we interpret the trends in the age group data? In Table 2 we look at the break-up across time of taxes and expenditures for three household types. We include couples with dependent children, since they are one useful benchmark against which to compare the fortunes of elderly households. For a broader and more basic benchmark, we also compare the elderly with ‘all households’.

**Table 2: Taxes and benefits for three household types, 1984 to 2009–10 (in 2010 dollars per household per week)**

	1984	1988–89	1993–94	1998–99	2003–04	2009–10	Change 1984 to 2009–10
Direct social assistance	Couples with children	64	108	110	132	135	+57
	65 and over	271	289	259	296	349	+63
	All households	137	120	151	148	177	+40
Education benefits	Couples with children	189	189	194	245	308	+119
	65 and over	8	7	5	3	9	+1
	All households	99	97	89	100	117	+18
Health benefits	Couples with children	102	80	103	129	182	+80
	65 and over	113	159	149	192	316	+203
	All households	92	114	107	130	181	+89
Other welfare benefits	Couples with children	10	17	22	42	64	+54
	65 and over	42	49	69	64	80	+38
	All households	19	25	33	42	46	+27

	1984	1988-89	1993-94	1998-99	2003-04	2009-10	Change 1984 to 2009-10
All benefits							
Couples with children	386	354	431	527	602	691	+305
65 and over	454	490	518	523	593	762	+308
All households	354	358	380	421	451	534	+180
Taxes on income							
Couples with children	299	325	290	358	391	447	+148
65 and over	66	60	47	42	49	40	-26
All households	241	242	214	250	256	260	+22
Indirect taxes							
Couples with children	106	144	114	140	234	242	+136
65 and over	47	58	47	64	108	120	+73
All households	99	124	98	116	177	183	+86
All taxes							
Couples with children	405	470	403	498	625	689	+284
65 and over	113	118	94	106	157	160	+47
All households	340	366	312	366	433	443	+108
Net benefits							
Couples with children	-19	-116	28	30	-22	2	+21
65 and over	341	372	422	416	436	602	+261
All households	14	-8	68	55	18	91	+77

Source: ABS Cat. No. 6537.0. 'Education benefits' are defined in the ABS's 'Glossary' as 'social transfers in kind derived from government expenses relating to the provision of school, tertiary and other education'. 'Health benefits' are defined as 'social transfers in kind derived from government expenses relating to acute care institutions, community health services, pharmaceuticals and other health benefits'. 'Other welfare benefits' includes 'social transfers in kind derived from government expenses relating to the provision of goods and services to specific population groups with special needs. It includes expenditure on child care services (including child care benefit subsidies), services for the aged, services for people with a disability, etc'.

Table 2 shows how changes in taxation have played an important part in changes in net social support. Income tax has both grown and shifted target. In 2009–10, those 65 and over paid \$40pw in income tax, less than was paid in 1984; while a couple with dependent children paid \$447pw, 50 per cent more than in 1984. For all households, income taxes grew by only eight per cent in that period. Indirect taxes have also grown and shifted target in a similar manner. They have grown for the elderly, but not as much as for all households, and markedly less than for couple families. Overall, taxes on the elderly grew by 42 per cent, on couple families by 70 per cent, and on all households by 30 per cent. Taxation changes have disadvantaged couple families. The elderly have also increased their share of taxation, but by a considerably lesser fraction.

On the benefits side, we can see that both the elderly and couple families gained very considerably when compared with all households. The biggest single factor here was health care expenditures, which have both grown overall and swung in favour of the elderly. In 2009–10, those 65 and over received on average \$316pw in health benefits, while the average for all households was \$181pw. Compared with 1984, the share for the elderly nearly tripled, while for all households the increase was 100 per cent (for couple families it was 80 per cent).

It is worth noting that, as Table 3 shows, changes in household size play little part in these trends. Surprisingly, average household size has not changed in this period for couples with children. Thus, there is no distortion in the trends in social support caused by declining household numbers (fewer children getting less in total education support for example). On the other hand elderly households have contracted a little, so analysed on a *per capita* basis their gains relative to couple families are to that extent greater than they appear in Table 4. However, the average size of all households has also contracted by a similar amount, so on that comparison there has been no *per capita* gain to elderly households.

**Table 3: Household size, 1984 and 2009–10**

	1984	2009–10
Couples with children	4.1	4.1
65 and over	1.7	1.5
All households	2.8	2.6

Source: ABS Cat. No. 6537.0.

Taking taxation and expenditure together, we can see from Table 2 that the elderly have gained very strongly relative to all households, and even more strongly relative to couple families. For our purposes, the comparison with all households is more important than that with couple families. ‘All households’

can be taken as a stable benchmark. Looking at the gains in net benefits to elderly households relative to the trends for all households, what stands out is the massive leap in support for the elderly between 2003–04 and 2009–10. This is much greater than the gains in the previous 20 years (up by \$166pw in six years, as against \$95pw in 20 years).

The factors operating here are varied, as Table 4 shows. While taxes stayed steady, social expenditures were growing substantially. Overall benefits per elderly household grew by 29 per cent. The largest growth was in health expenditure, up by 37 per cent.

**Table 4: Taxes and benefits to households 65 and over, 2003–04 to 2009–10 (2010 dollars per household per week)**

	2003–04	2009–10	Change (\$)	Change %
Direct social assistance	296	349	+ 53	+ 18
Age pension	227	253		
Veterans' pension	48	35		
Disability support	7	15		
Other pensions and allowances	8	36		
Health benefits	231	317	+ 86	+ 37
Acute care institutions	114	156		
Community health services	56	68		
Pharmaceuticals	51	66		
Private Health Insurance Rebate*		11		
Other health benefits	10	14		
Other welfare benefits	57	80	+ 23	+ 40
All benefits	593	764	+ 171	+ 29
Taxes on income	49	40	-9	-18
Indirect taxes	108	120	+ 12	+ 11
All taxes	157	160	+ 3	+ 2
Net benefits	436	602	+ 166	+ 38

\* Previously included in 'Other health benefits'.

Source: ABS Cat. No. 6537.0.

Age pension increases, though substantial, were not a major driver of these expenditure increases. In 2009 the Rudd government introduced an 18 per cent increase in the standard (single person) age pension and a six per cent increase in couples pensions.<sup>4</sup> A further increase followed in early 2010. Large though

4 Guide to Social Security Law, FAHCSIA website, 5.2.2.10 Rates of Pension — July 1909 to Present Date.

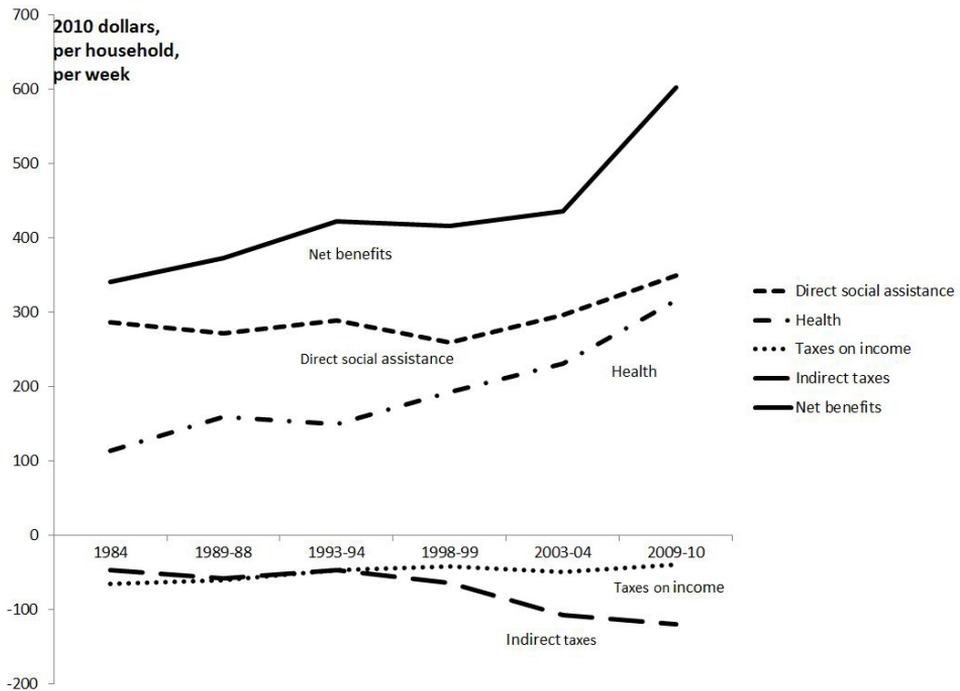
this increase was, constant dollar age pensions per elderly household rose by only 11.4 per cent between 2003–04 and 2009–10. The explanation is that age pension coverage was diminishing, as is shown in Table 5.

**Table 5: Dependency on income support, 1984 to 2009–10 (Per cent principally dependent on government pensions and allowances)**

	1984	1988–89	1993–94	1998–99	2003–04	2009–10
Persons 65 and over	72	69	72	67	69	61
All households	26.2	24.4	29.5	27.2	27.4	22.6

Source: ABS Cat. No. 6537.0.

Figure 2 shows the overall history of taxes and benefits for elderly households. What stands out is the recent surge in net benefits, which took place mostly under Coalition government. Critics might argue that in this period the long Australian tradition of relative restraint on expenditure on the elderly, under both Labor and Coalition, was here abandoned.



**Figure 2: Trends in taxes and benefits for households aged 65 and over, 1984 to 2009–10**

Source: ABS Cat. No. 6537.0.

## Incomes, assets and living standards

We might suppose that increasing support for the elderly is an expression of increased recognition of need. To test this claim we need to be able to rank ‘neediness’. This can be partly done in terms of ‘equivalent final incomes’, which are presented in the 2003–04 and 2009–10 ABS fiscal incidence studies. Equivalent final incomes are final incomes adjusted by an equivalence scale to take account of variations in household size. The resulting figure is an economic index and not a dollar comparison. Table 6 shows the equivalent final incomes of the elderly and all households. Note that this table exaggerates the increase in EFI between the two surveys, because here the EFI for 2003–04 has not been adjusted by the CPI.<sup>5</sup> The point of the comparison is not the relative change between 2003–04 and 2009–10 within each group, but the gains and losses of the different groups relative to each other in this period.

**Table 6: Equivalent final incomes, 2003–04 and 2009–10**

	2003–04	2009–10	Change 2003–04 to 2009–10
Persons 65–74	489	939	+ 92%
Persons 75 and over	549	1006	+ 83%
Couples aged 65 and over	515	981	+ 90%
Singles aged 65 and over	475	900	+ 89%
All households	612	1012	+ 65%

Source: ABS Cat. No. 6537.0. ‘Equivalent final income’ is defined in the ABS’s ‘Glossary’ as household income adjusted by an equivalence scale. ‘For a lone person household it is equal to household income. For a household comprising more than one person, it is an indicator of the household income that would need to be received by a lone person household to enjoy the same level of economic wellbeing as the household in question’.

Table 6 shows, rather surprisingly, that older elderly (75 and over) are on average better off than younger elderly (65 to 74). Couples are notably better off than singles. But the most interesting comparison is that with all households. Rapid gains to the elderly in this period have brought them close to the EFI for all households. The gap in 2003–04 stood at about 21 per cent (based on an estimate that the EFI for all elderly households was about 505). In 2009–10 it had fallen to only about five or six per cent (estimating that the elderly EFI was about 960).

Of course equivalent final income is a measure of income adequacy, and takes no account of assets. Fortunately, the 2009–10 fiscal incidence study gives us a glimpse of the distribution of assets across the age groups. As Table 7 shows, wealthier households are older households. Net worth peaks at around age

<sup>5</sup> Table 1 of the 2009–10 survey shows that EFIs rose by 27 per cent from 2003–04 to 2009–10, not 65 per cent as suggested here.

60. A sharper picture is obtained if we take household size into account using equivalence scales. Here we have used the square root of household size (a method that approximates quite closely to the 'OECD modified' scale used by the ABS to calculate equivalent final incomes). The resulting 'equivalent net worth' indicates that even households aged 75 and over are one-third better off than the mean for all households, while households in the 65–74 age group are 60 per cent better off than the mean.

**Table 7: Household net worth by age group, 2009–10**

	15–24	25–34	35–44	45–54	55–64	65–74	75+	All households
Net worth (\$2010)	76 460	256 702	553 547	989 253	1 068 851	950 959	764 561	729 442
Household size	2.4	2.5	3.4	3.0	2.2	1.8	1.6	2.6
Equivalent net worth	49 329	162 469	300 840	571 823	722 197	709 671	604 396	453 070

Source: ABS Cat. No. 6537.0.

If we could combine equivalent income measures with the net-worth data, we could arrive at a plausible assessment of relative living standards across the age spectrum. However, the fiscal incidence surveys do not report any integrated measure of this sort. We can only guess at what the result might be. Given that equivalent final incomes for the elderly are now close to the average for all households, and that the net-worth distribution is skewed in favour of older households, we can reasonably infer that an integrated measure would show that households headed by persons 65 and over are better off than the average for all households under that age.

If all this is right, the Australian system of social transfers to the elderly is much more than a safety net. Viewed in 'lifecycle' terms, it shifts resources from the income-rich but asset-poor stages of life to the asset-rich but income-poor stage. Viewed in terms of the 'vertical' dimension, it is a system of upwards redistribution from the less well off to the better off.

## Conclusion

In this paper we have been using a very broad definition of the welfare state, seeing it as including standard cash transfers (pensions and benefits); in-kind expenditures on health, education and housing; and taxation (direct and indirect). Fiscal incidence analysis enables us to track social spending and taxing at the household level. We have examined how the Australian welfare

state, thus defined, has served various age groups through the 26 years from 1984 to 2010. Being focused on households, the analysis is thereby independent of demographic trends.

Our main findings in this paper are threefold. The first is that in this period the Australian welfare state has shifted focus in favour of the elderly. Substantial gains have been made by the elderly at the expense of those in the 25 to 54 age groups.

Secondly, the pace of this trend has changed. From 1984 to 2003–04 there was a slow but steady drift towards increased support for the elderly. After 2003–04 it accelerated. Gains to the elderly in this last period are driven by increased benefits in health care, pensions and other welfare support.

Thirdly, in part as a result of this sharp upturn, elderly households are today almost as well off as the average for all households when measured in terms of equivalent final incomes. They are clearly better off than average households when measured using equivalent net worth. The notion of a welfare system that redistributes upwards across age groups thus may be close to reality.

In response to our first two contentions, one might reply that simply measuring trends using the CPI to translate past figures into 2010 dollars is misleading. Two arguments might be given. One is that purchasing power parity is a better indicator of changes in dollar values over time. This may be so; it is a line worth pursuing. But it won't explain why one group or category gains relative to other groups or categories. All that the argument can show is that the relative gains and losses are not best measured using the CPI. A second argument is that rising general wealth should especially benefit the elderly, because although they paid relatively little taxation in earlier years, that 'little' was a relatively large sacrifice at that time when general standards were lower. Thomson argues that we should use some indicator of average male wages as an index, rather than the CPI, to take account of this (Thomson 1996: 167ff). Again, this is a line worth pursuing. It may modify our conclusions.

In this study we have been tracking categories of household, not actual social groupings. However, when trends in social support move in tandem with the ageing of certain cohorts, the effect is likely to be a favouritism that raises questions of intergenerational equity. To explore this further would require a cohort study, and we have not attempted that here.

Our three findings require interpretation. What might explain them? It is not easy to discern any party-political or ideological influence on these trends. The general drift towards favouring the elderly ran a slow and smooth course up to 2004, under 12 years of Labor and eight years of the Coalition. Nearly four of the six years after 2004 when this tendency suddenly accelerated were under

the Howard government but two were under the Rudd Labor government. The political explanation for this upturn, if there is one, is unclear. The main age-related policy innovation of these 26 years was the introduction of compulsory superannuation, accepted by all the main parties as a strategy for controlling age-related fiscal demands. But just when that policy seemed to be having some effect, elderly expenditure accelerated. Most likely gains to the elderly are not the consequence of deliberate policy. They probably arise from incremental adjustments, no one of which is significant but which cumulatively produce substantial net effects.

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