

**Australian Population Association Eleventh Biennial Conference
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Title:

The fiscal management of our ageing population.

Author:

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Abstract:

The IAAust considers that Australia needs clear government objectives to deal with the social and economic impact of an ageing population. Major issues can be better managed if the potential impacts and strategies have been identified, analysed and implemented well before they reach crisis point.

The IAAust has identified the issues and options arising from the demographic changes affecting Australia's future. Various submissions to government have

- Encouraged the view that this is a long term policy issue requiring long term solutions;
- Suggested a framework which will lead to practical long term strategies and solutions;
- Pointed to areas where immediate action may be taken for long term benefit; and
- Indicated areas where members of our profession could add value in assisting the Committee.

This speech looks at the key areas of retirement incomes, health and aged care. It discusses the options to achieve "adequacy", the issues of subsidies within and between generations, and the difficulties of measurement and management of the key costs.

About the Institute of Actuaries of Australia (IAAust):

The Institute of Actuaries of Australia represents over 1,200 Fellows and 1,200 other members. The profession specialises in applying mathematical, statistical, economic and financial analysis, to longer-term financial contracts, in a wide range of practical business situations particularly those involving risk assessment.

As a profession, actuaries have a capacity and an obligation to contribute to public policy in their areas of practice and expertise. Many actuaries work in superannuation, financial planning, health insurance and related financial services areas. The IAAust is therefore well positioned to make a valuable contribution in assisting the Government to develop appropriate long-term policies that address the financing of adequate retirement incomes, health care, aged care and related issues associated with the ageing of Australia's population.

In any review of retirement, health and aged care funding, our members can add value in the public interest by:

- analysing the financial long-term impact of structural change;
- assisting in the development and implementation of programmes mitigating long-term financial risks;

- providing informed commentary and expert analysis on matters within the profession's broad areas of expertise, particularly the financial services industry and the health and social security systems;
- evaluating the impact of demographic changes (including the ageing of the population); and
- assisting with the complex transitional problems associated with any structural changes.

Any major reform will lead to behavioural changes and some outcomes might be unclear. Given the training and experience of our members, they are in a unique position to advise on the effect of reforms in the fields in which we specialise.

The IAAust looks forward to continuing its active contribution to the development of sustainable and equitable financial systems for Australia.

Profile – Michael Rice:

Michael is an actuary and he has extensive experience in the financial services industry both in Australia and overseas. He specialises in providing strategic advice to financial institutions, government agencies and large superannuation funds. Michael founded his consulting actuarial practice in December 1987.

Over the last decade, Michael has been at the forefront of research in the financial services sector. He has reviewed most retail and wholesale financial products, and prepared reports analysing fees and premiums, market and legislative trends, market share and product features. He has also undertaken research into age pension dependency and trends, and has a keen interest in the integration of social security and superannuation.

Michael is well known as one of Australia's leading experts in the areas of distribution and product positioning and he has undertaken work for the ACCC, ASIC and IFSA to assist with major reviews or the implementation of new legislation.

He is currently a columnist for ASSET magazine. He previously wrote regular columns in Money Management, and Personal Investor. He writes and speaks frequently on topical issues affecting the funds management, life insurance and superannuation industries.

Michael has prepared a number of professional research papers including:

- Member Investment Choice
- Insurance in Super
- Analysis of the Australian retirement incomes policy
- "The Age Pension - Our Unstable Pillar", a new assessment of the role of Social Security in retirement incomes policy
- Restructuring Superannuation Funds in a Choice environment
- Financial Issues Facing The Nation (funding problems of an ageing population)
- Age Pension Statistics & Trends

Michael is a former Councillor of the Institute of Actuaries of Australia and is a member of its Public Policy Committee. He also chairs its Ageing Australia Taskforce.

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