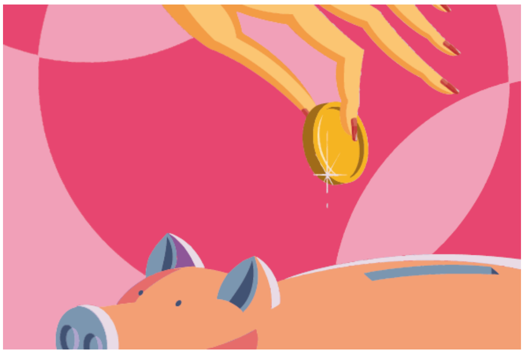


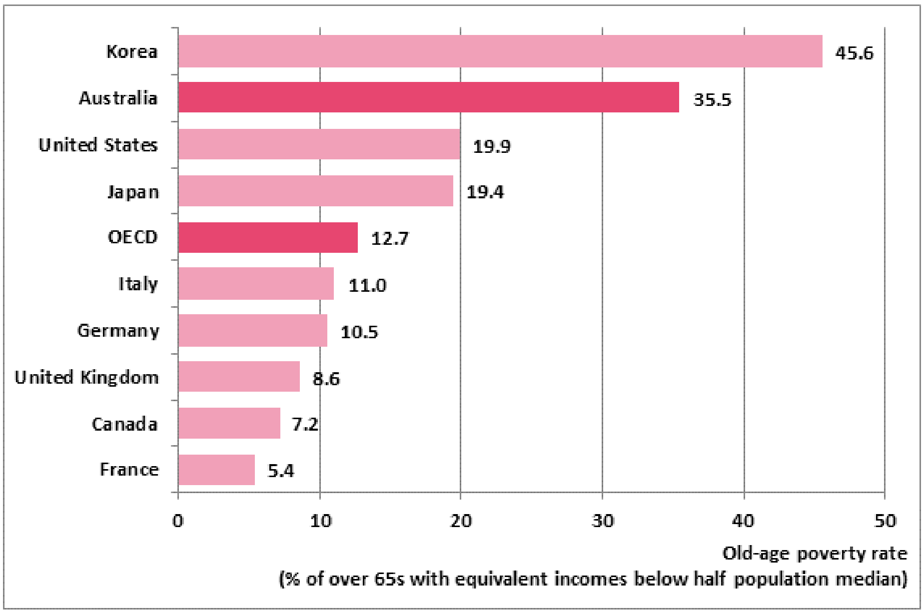
Pensions at a Glance 2013
OECD and G20 Indicators

AUSTRALIA

- **The estimated old-age poverty rate is the second highest within OECD countries and nearly three times the OECD average.**
- **Australia is the fourth highest spender on in-kind benefits and services for the elderly within the OECD.**

Old age poverty is the second highest in OECD countries. People aged over 65 have, on average, an income equivalent to 65% of that of the total population. This is well below the OECD average of 86%. Consequently the elderly poverty rate, although slightly lower than in the mid-2000s, is the second highest in the OECD at 35% for those aged 65 and over, against 13% on average in the OECD and 14% for the whole population in Australia. The poverty rate is higher for the over 75 age group at 41%. However, those figures should be interpreted with caution as they are subject to an upward bias: many retirees take their pensions as a lump sum in Australia, which is not incorporated in the annual income calculations. As a result of legislated increases in the rate of contribution and in future retirement age, replacement rates should increase for the next generation of retirees, thereby lowering poverty levels ceteris paribus.

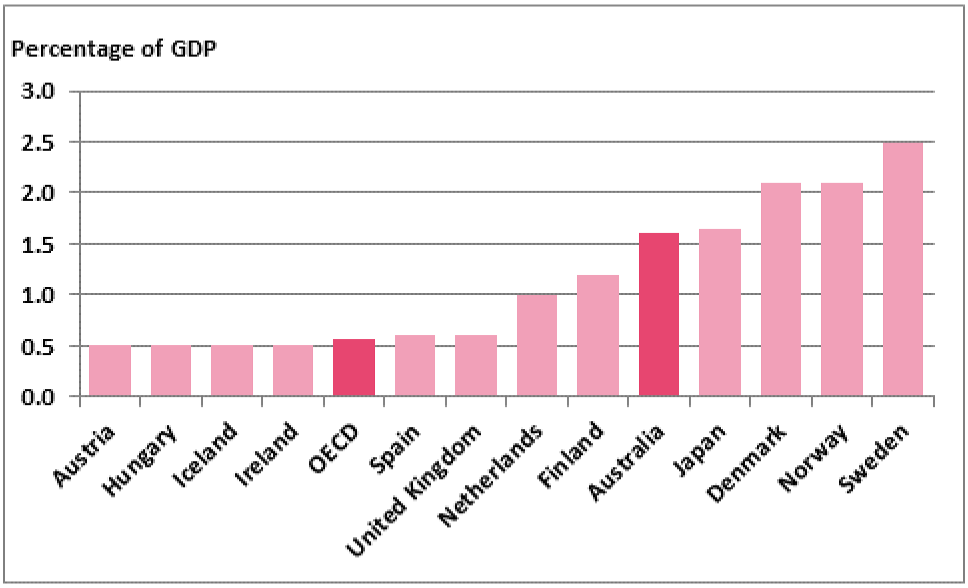
Old-age income poverty rates late 2000s



Source: OECD (2013), Pensions at a Glance 2013

In-kind benefits and services assist the elderly more than in the OECD on average. Beyond the limitations highlighted above, the computation of poverty levels does not take into account the value of in-kind benefits or services, which is relatively high in Australia, at 1.6% of GDP, compared to the OECD average of 0.6%. Residential care and home-help services account for 0.7% of GDP with the remaining 0.9% coming from in-kind benefits.

Gross public spending on services to the elderly



Note: All remaining OECD countries are 0.4% or below.
Source: OECD (2013), Pensions at a Glance 2013

Key indicators

		Australia	OECD
Gross replacement rate	Average earner (%)	52.3	54.4
	Low earner (%)	91.1	71.0
Public spending on pensions	% GDP	3.5	7.8
Life expectancy	At birth	82.4	79.9
	At age 65	20.8	19.1
Population aged 65	% of working-age population	23.1	25.5
Average earnings	AUD	73 500	41 100

Note: replacement rate is pension entitlement from all mandatory sources of retirement income relative to individual earnings. Calculations for a full-career worker entering the labour market in 2012. Low earner is assumed to earn 50% of the average.
Source: OECD (2013), Pensions at a Glance 2013: OECD and G20 Indicators.

Notes to editors:

Pensions at a Glance 2013:
OECD and G20 Indicators

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The report includes pension indicators for the OECD member countries and G20 economies with 2012 pension rules and parameters. There are two special chapters on (i) distributional impact of reforms; (ii) future retirement income adequacy, the role of housing, financial wealth and publicly provided services.

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