## 2021 Budget article by Think Forward

#### **Lack of intergenerational fairness in Budget lets down young people, again.**

Young people want to live a quality life and confidently move through the same life stages as generations prior – a quality education, stable and well-paid career, buying a home, starting a family and building up wealth for retirement. But instead, many young people are genuinely fearful of what their economic future looks like. We wanted a budget that addresses this fear. Instead, young people and future generations were again let down by a lack of intergenerational fairness in Budget.

Intergenerational fairness describes the idea that there should be economic and social fairness between generations. Intergenerational fairness is not about pitting generations against each other. It is about the implicit generational bargain that underpins the relationship between younger and older Australians and our tax and spending priorities.

It comprises two fundamental ideas. One, working-age Australians contribute to the care of older and younger Australians (who are not working) and can expect the generation after them to support them in the same way. And two, that economic growth and social development will enable each successive generation to enjoy rising living standards.

The government is spending vast amounts of money to pull Australia out of the COVID-19 recession. While necessary, young people and future generations will be tasked with repaying the unprecedented debt accrued. In return, we expect investment in our future. Plus, a vision for how the money will be spent to improve economic outcomes over the coming decades to re-design our economy for good careers in the jobs of the future, taking account of climate change and longer lifespans. But that investment and guarantee of a better future does not exist in this Budget or Government policy more broadly.

In this year's Budget, the funding for aged-care is an excellent outcome for improving the lives of in-need older Australians, while the funding for mental health is critically important to improving health outcomes for young Australians.

But the intergenerational issues in the Budget are clear to see. They include the ongoing short-termism in public policy, and the failure of successive governments to ensure a sufficient supply of affordable homes. It is also clear to see the ongoing failure to make proper provision for the increasing aged-care costs for the sizeable post-war cohort, who will rely on a smaller cohort of younger generations to pay for the ongoing funding. Tax cuts and concessions make the task even harder. The most considerable tax benefits in value are targeted at large businesses (through the instant asset write-off concession) and well-off households (the reaffirmed Stage Three personal income tax cuts).

Now was the time to reimagine the future of Australia and consider how it looks for young Australians. Young Australians need bold reforms in our tax and spending priorities to not only ensure young Australians can receive the benefit of the stimulus they are paying for, but to address long-standing intergenerational inequalities.

The need for vast government spending was a golden opportunity to transform Australia for current and future generations. That opportunity has been wasted. While there were some welcome announcements, overall, the Budget is a political, short-term fix aimed at the next election. It further entrenches intergenerationally unjust public policy in employment, housing, education, superannuation and tax.

This contributes to the shocking situation where Australia's older generations are the richest in our nation's history, while Australia's millennial generation is widely regarded as being the first generation since federation to have worse economic outcomes than the generation before.

Some of us will avoid an uncertain economic future and receive wealth through our parents. But that leads to a future where people's financial position won't be determined by hard work and talent, but rather inheritance. Inequality will be turbo-charged, and Australia will be a much worse nation for it. That is the future that continues to be chosen and celebrated.

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