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TITLE: **Age of the worried well-off**

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The issue of what constitutes an "average" income in Australia has moved from the decimal places of the statistical realm into the disingenuous realm of contemporary political debate in which facts take a back seat. But before looking at what an average income is in Australia, it's important to think about averages more generally.

Someone who is 193 centimetres is very tall. In fact, less than 1 per cent of Australians are taller than that. Of course some people are over 213 centimetres tall (or seven feet in the old imperial measure), but the fact that someone is extremely tall does not make someone who is 193 centimetres "average".

Imagine that a child receives their Higher School Certificate results and learns that they performed in the top 1 per cent of all students. Should they be instantly proud, or should they wait to learn if one of their friends topped the state? Indeed, does the fact that someone came first mean that the top 1 per cent is "average"?

The average income for an employed person in Australia is $58,375.20 a year. The median is $50,076. $150,000 a year is a lot of money. It is not average, it is not middle, it is a lot. At that rate you are well into the top 4 per cent of employees in Australia.

As a society we expect an unemployed person to live on $12,807.60, an aged pensioner to fund the rest of their life on $18,512 and a full-time worker on the minimum wage to support a family on $31,532.80. Yet, in what passes for public debate in Australia these days, the fact that Gina Rinehart inherited billions of dollars apparently means that people earning $150,000 a year are entitled to feel average.

This is not to suggest that people earning $150,000 do not feel stressed or anxious or that they don't deserve more for their effort. No doubt many feel exactly this way, but so too do people working 50 hours a week to earn $50,000 a year. So too do people working part time and caring for disabled children.

The notion that the government is responsible for the imagined deprivations of the highest-income earners constitutes an amazing reversal of political philosophy. While political conservatives typically extol the virtues of independence and individual responsibility, when it comes to the plight of the wealthy it is government that is seen to be the source of all ills.

Having difficulty paying a large mortgage? It must be that taxes are too high. Having trouble paying private school fees for three kids? It must be because your taxes are funding a public school system you wouldn't dream of sending your kids to. Such views are not universal but they're becoming increasingly common, especially if you read the tabloids.

Libertarian political philosophy is based on the notion that individuals are best placed to make their own decisions, but in the past few decades as household debt boomed on the back of liberalised bank lending practices it seems that the unrealistic expectations of the most wealthy have become a legitimate political problem.

The potential of a political strategy based on agreeing with everyone who felt they were "missing out" was demonstrated by Pauline Hanson, who travelled around Australia agreeing with nearly everyone she met. Her broad political support was based on her willingness to say "I feel your pain" and her broad political condemnation was based on her willingness to blame immigrants for that pain.

It was John Howard, however, who took Hanson's political strategy and made it mainstream. While Hanson focused on lower-income earners in regional Australia, Howard brought it to the cities, and took it a lot further up the income distribution chain. Rather than dismantle the safety net for low-income earners, he simply spread it so thin that it was no longer progressive.

In 1996, when Howard was elected, the top tax rate kicked in at $50,000 and by the time he left office it had risen to $150,000. Obviously you couldn't be a high-income earner if you weren't in the top tax bracket.

He used the same approach to welfare support, introducing a range of benefits that flowed to middle- and high-income earners. Again, how could families feel they were doing very well by community standards when the community saw them as being in need of financial support?

Perhaps the most effective, and expensive, way that the Howard government shifted the definition of wealthy was by making middle-class people fear for their health and wellbeing in retirement. The intergenerational reports were used to create the sense that the age pension would not be there forever, while tax concessions for superannuation were used to allow high-income earners to pay a lot less tax.

While we take for granted that today's pensioners can make do with the age pension of $18,512 a year, both the government and opposition are at pains to agree that the next generation of retirees expects to live far more comfortably than did their parents. Taxpayers now contribute $30 billion a year to the so-called "self-funded" retirement of those with super yet the political debate more typically focuses on the unaffordability of the age pension or unemployment benefits. Millions of people think they benefit from this largesse, but 30 per cent of the benefits go to the wealthiest 10 per cent. It is common to hear the boosters of the superannuation

industry say if you retire with "only" a million dollars you would be living on "only" $50,000 a year, tax free. That this "meagre" income is far more than the (taxable) minimum wage on which millions of Australians are supposed to raise families is, it seems, hardly worth mentioning in the fight to tell the richest half of the country that politicians feel their pain.

The average person retiring today does so with a superannuation balance of less than $100,000. Almost no one retires with the million dollars we are increasingly told is required to fund a dignified retirement. In a world in which Gina Rinehart is fighting her own children for more money, maybe $1 million isn't nearly enough, but it is certainly way above average.

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