AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY

Tax White Paper supplementary submission on retirement income

July 2015

SUMMARY

Australia's retirement income system gets the basics right, but elements of the system are inefficient, inequitable or unsustainable.

ACCI supports the basic objectives for the retirement income system that the Treasurer has outlined (that is, optimising retirement income; fiscal sustainability; and fairness – while encouraging self-provision in retirement).

However, the retirement income policy debate would be improved by recognising that different parts of the retirement income system support these overall objectives in different ways.

- the Age Pension and related benefits should provide a safety net to reduce poverty
- compulsory superannuation savings should prevent over-reliance on the Age Pension by people with the resources to save privately and address behavioural biases that lead to under-saving
- superannuation tax concessions should prevent compulsory and voluntary long-term savings from being overtaxed

With these different objectives in mind, ACCI has a number of recommendations for improving Australia's retirement income system.

Pensions

To make the Age Pension more targeted and sustainable:

- the pension growth rate should factor in changes to other government spending pressures and the dependency ratio – whether automatically or through a periodic independent merit review
- the pension age should change with life expectancy so that retirement remains roughly proportional to time in work
- the pensions of home owners should be provided as loans that can be collected against the property up to a residual equity value
- the deeming rates for financial assets should reflect market returns and draw down of the principal during retirement

Superannuation contributions

It is not clear that increasing compulsory superannuation contributions would produce a fiscal saving in excess of the cost so compulsory contributions should be maintained at their current levels – if not reduced to 9 per cent.

To overcome the problem of unpaid outstanding super contributions that have arisen from honest errors consideration should be given to providing a small business amnesty period, during which time employers with overdue contributions could pay the overdue amount of contribution, together with the interest attracted by non-payment, and have that treated as a contribution not attracting a SG charge, nor the obligation to report it.

The preservation age for superannuation should continue to be lower than the pension age, but the ages should be linked to ensure that early draw down of superannuation does not lead to greater pension reliance. For similar reasons, consideration should be given to placing restrictions on superannuation draw down, both before and after the pension eligibility age.

Superannuation tax concessions

Superannuation tax concessions should prevent compulsory and voluntary long-term savings from being overtaxed. This means concessions should approximate an expenditure tax benchmark (taking into account the Age Pension and related benefits) for all current and future superannuants.

Reform of superannuation tax concessions should not be used as a revenue grab – any additional revenue that may be generated from better targeting of superannuation tax concessions should be used to reduce other taxes, such as corporate tax or personal income tax.

It is hard to be definitive about how concessions should change without access to a detailed retirement income model, but changes should probably involve higher and more progressive (but still concessional) taxes on contributions, very low taxes on earnings, and a flat and low rate of tax on benefits. Applying a small tax to benefits prevents the move from earnings to contribution taxation from delivering windfall gains to those who have already made the majority of their superannuation contributions.

Additionally:

- superannuation earnings should be taxed the same way regardless of whether an individual is past the preservation age
- transition to retirement arrangements should be adjusted so that individuals cannot reduce their tax rate by cycling labour income into superannuation while making equivalent tax free withdrawals

There is strong case for retaining access to superannuation concessions for voluntary contributions up to a specified cap – which should be determined on a lifetime basis – provided the basic concessions are changed to limit the scope for exploitation of the concessions by those who are already near retirement and hence would not be overtaxed on ordinary savings

Outside the retirement income system

Reforms outside the retirement income system may also help to make retirement income policy more sustainable. All reforms to increase economic growth would assist in this objective, but reducing the dependency ratio by increasing skilled migration may be a particularly effective option.

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1. RETIREMENT INCOME POLICY OBJECTIVES

ACCI supports the basic objectives for the retirement income system that the Treasurer has outlined (that is, optimising retirement income; fiscal sustainability; and fairness – while encouraging self-provision in retirement).

Different parts of the retirement income system support these overall objectives in different ways.

There are two basic reasons for governments to support the income of retirees:

- to alleviate poverty by ensuring those who can no longer work have access to a basic standard of living
- to reward the contributions that the elderly have made to society

If the age pensions were purely about poverty alleviation for those who were no longer working, then there would be a strong case for stricter eligibility criteria, such as those that apply to the disability support pension. Clearly this is not consistent with the expectations of the majority of the Australian community, which applies that public support for retirees at least partly reflects a perceived obligation to the elderly to provide some years of leisure in recognition of their contributions to society during their life. With life expectancies increasing a key question is whether that obligation is based on typical years spent in the workforce or a typical number of years of retirement.

Set against these expectations of support for the elderly is the fact that government support for retirement incomes must be funded by the current generation of workers. Transfers from workers to retirees reduce growth (whether through higher taxes or less infrastructure investment). There are also equity issues if there are transfers from low income workers to support retirees who ultimately have higher lifetime incomes. Increases in the dependency ratio increase the tax burden that individual workers must bear, and this is compounded by spending pressure in other areas such as healthcare. Moreover, with the retirement income system shifting from public funding to greater reliance on private provision there is an intergenerational problem where the 'shoulder generation' pays for their own retirement as well as the retirement of the previous generation.

There are strong reasons for moving to more privately funded retirement despite the intergenerational issues that it creates. Many retirees have the capacity to fund their own retirement by saving during their working life. As such, universal support for the incomes of retirees can:

- go to those who have the financial resources to support themselves
- discourage people from making private provision for their own retirement

Simply means testing pensions to prevent funding going to those who already have significant financial resources increases the disincentive to save. A test based on lifetime income (if it were practically feasible) would still face the problem of people who could have saved for their retirement but didn't, and without government support, face poverty in retirement or continued work into old age. Inadequate savings for retirement is not an isolated issue; there is strong evidence that most people pay little attention to the needs of their future selves until it is far too late to save an adequate amount to support a comfortable retirement.

Inadequate voluntary private saving for retirement provides the basis for compulsory private savings, which take the form of superannuation contributions in Australia.

However, making retirement savings compulsory creates other problems. Firstly, people may genuinely have better uses for their money at earlier stages of their life – such as starting a business. Secondly, income taxes have cumulative effects that discourage long-term savings. For example, a marginal tax rate of 30 per cent on an investment that yields 6 per cent a year becomes an effective tax rate of 50 per cent over 20 years. Just as there is compound interest, there is also compound taxation. Much of the complexity in the tax system is due to enforcement measures that are designed to stop people from reducing their effective tax rate by deferring the recognition of income.

The compulsory nature of superannuation and the over-taxation of long-term savings provide the rationale for taxing superannuation concessionally. However, it is practically difficult to design tax concessions that deliver the appropriate level of concessionality, particularly when dealing with the transitional issues associated with a pre-existing system.

ACCI believes that explicitly recognising that different parts of the retirement income system play different roles would help improve the debate about retirement income policy.

Recommendation 1: Clarify roles within the retirement income system
The Government should recognise that different parts of the retirement income system have different roles to play in achieving the system's overall objectives:

- the Age Pension and related benefits should provide a safety net to reduce poverty
- compulsory superannuation savings should prevent over-reliance on the Age Pension by people with the resources to save privately and address behavioural biases that lead to under-saving
- superannuation tax concessions should prevent compulsory and voluntary long-term savings from being overtaxed

2. PENSIONS

2.1 Pension rate

There will always be those who think the pension rate should be substantially higher as well as those who think it should be substantially lower; there is no objectively correct way to set the rate for an income support payment.

Currently, ACCI does not have a definitive view on the appropriate rate of the pension. However, ACCI does have some recommendations about what should be taken into account in determining the pension rate.

When the rate of a pre-existing payment is under consideration the starting point must always be the status quo. There is usually little community support for reducing the rate of an existing payment even if there is widespread agreement that the status quo is too high. As such, the main issue is how the pension should change over time.

2.1.1 Indexation options

The Parliamentary Library explains current indexation arrangements for the age pension compared to other income support payments:

> *Currently, most pensions are indexed twice each year (on 20 March and 20 September) by the greater of the movement in the CPI or the Pensioner and Beneficiary Living Cost Index (PBLCI). They are then 'benchmarked' against a percentage of Male Total Average Weekly Earnings (MTAWE). The combined couple rate is benchmarked to 41.76 per cent of MTAWE; the single rate of pension is set at 66.33 per cent of the combined couple rate (which is equal to around 27.7 per cent of MTAWE). 'Benchmarked' means that after it has been indexed, the combined couple rate is checked to see whether it is equal to or higher than 41.76 per cent of MTAWE. If the rate is lower than this percentage, the rates are increased to the appropriate benchmark level. Other income support payments such as Newstart Allowance are also indexed twice a year but only in line with movements in the CPI. Parenting Payment (Single) was previously adjusted in the same way as other pensions but from 2009 has been indexed to CPI and benchmarked to 25 per cent of MTAWE.*
>
> *Indexing pension rates to CPI maintains their real value over time. The PBLCI is designed to check whether pensioners' disposable incomes have kept pace with price changes. The MTAWE benchmark is not intended to maintain the value of the pension relative to costs; it is seen as ensuring pensioners maintain a certain standard of living, relative to the rest of the population.*[1]

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[1] Klapdor, M., 2014, 'Changed indexation of pensions and tightened eligibility for all benefits' in *Budget Review 2014-15,* Parliamentary Library, online at

In the 2014-15 Budget the Government proposed a reduction in the indexation of various pensions, including the age pension, to CPI. This followed the 2014 National Commission of Audit's (NCOA) recommendations to reduce the rate of the pension to 28 per cent of average weekly earnings rather than male average weekly earnings. Prior to that, the 2009 Harmer Review recommended increasing the pension rate by the PBLCI.

Although both NCOA and the Harmer Review recommend indexation by cost of living based indexes in the short-term, there are significant differences in the approaches that they take. NCOA accepts that it is appropriate for the pension to be based on relative living, but recommends a lower indexation rate in the short term because it finds that the relativity should be reduced. If the gender pay gap falls, then an average weekly earnings benchmark will actually rise more quickly than a male average weekly earnings benchmark.

In contrast, the Harmer Review recommends keeping the current payment level but applying a lower indexation rate to maintain real rather than relative living standards. It is also possible to have relative benchmark that declines over time – as absolute living standards increase, arguably the minimum acceptable relative living standard falls.

There are also alternative relative benchmarks to the average wage, including the median wage, the wages of a different point in the income distribution, such as the lowest quartile, or the minimum wage.

The rate of the age pension could also be set by developing a budget standard which is then indexed and reviewed on a regular basis.

International comparisons suggest that the Australian pension is above average by international standards as a share of average income, but it is not exceptionally high. What does stand out in international comparisons is the level of pension coverage, although this will drop slightly as the superannuation system matures.

A shortcoming of all these approaches is that they only consider the needs of pensioners without any reference to the capacity of the rest of society to pay. This could be addressed by adding variables to the indexation formula that take into account the dependency ratio or growth in other government spending pressures, such as healthcare.

Alternatively, there could be more standard indexation and a regular merit based review of the pension rate every five years. One problem with a merit based review is that it could easily become politicised. If this approach were adopted it would need to be conducted by an independent authority. Indeed, there is a strong case for

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http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201415 [Accessed 17 July 2015].

a single independent payment setting authority encompassing all income support payments as well as the minimum wage.

Recommendation 2: Factor sustainability into the pension rate
There are various different approaches to determining the appropriate pension rate. ACCI does not have a definitive position on this issue.

However, the pension rate should be set taking into account fiscal sustainability (i.e. the capacity of working age people to pay) by factoring the dependency ratio and growth of other government spending pressures into the indexation metric, or by establishing a merit review by an independent body.

If an independent body is established to conduct merit review then it could also consider the rate of other government payments and the minimum wage.

2.2 Pensions age

As life expectancies increase so do the number of years that the average person can expect to spend in retirement. Setting the pension age is difficult. The current pension age is more based on historical precedent and vague community expectations than on any clear rationale. The key question for the purposes of setting the pension age is whether the obligation of society is to pay for a certain number of years of retirement, or to pay for retirement after a certain number of years of work.

There are several issues with lifting the retirement age as life expectancies increase. Life expectancies may not rise evenly, and even if life expectancies increase across the board certain occupations may be more difficult to continue into old age than others.

However, there is the disability support pension to provide support to those who are unable to work at all. One relevant consideration for changing the age pension access age may be how the number of people close to retirement on the disability support pension has changed over time.

One way to clarify community values about the appropriate access age to the pension is to consider hypotheticals. Intuitively, it would seem that if life expectancies were halved, most people would expect the access age for the pension to also halve (or at least fall substantially), whereas if the obligation to the retirees was based on years in the workforce it should remain much the same as it is now. Similarly, if life expectancies doubled it seems likely that the community would expect the retirement age to double (or at least increase substantially) – once again if the relevant benchmark is years worked then the community response should be that the retirement age stays the same. The reason why community may accept that retirement should be linked to life expectancy in extreme hypotheticals, but not when considering small movements in life expectancy is because they consider the question in a different way. In an everyday context, people don’t think about what is a fair relationship between life expectancy and retirement, they focus on their expectation about when they will retire on the basis of historical precedent.

It may make sense for the relationship between life expectancy and the appropriate retirement age to be proportionate rather than additive. An additive approach would maintain the absolute number of years of retirement and over time the dependency ratio would fall as the number of age cohorts in work increases relative to the number of age cohorts in retirement. While falls in the dependency ratio are positive economically, it may be more acceptable to the community to simply stabilise the dependency ratio and maintain the period of retirement as proportion of life expectancy.

Recommendation 3: Pension age
The age pension age should be linked to life expectancy, so that the expected retirement period remains a roughly constant proportion of life expectancy. The disability support pension, or an adjusted version of it, could be used to support those for whom working longer is not feasible.

2.2.1 Pension means test

The changes to the means test for the age pension announced in the 2015-16 Budget are a positive measure to deliver savings while better targeting pensions.

However, there is more that can be done to improve the way that assets and income are measured. There is a strong equity and fiscal sustainability case for including an individual's principal place of residence in the assets test for the pension. However, such a move would meet with substantial community opposition. A particular concern would be that individuals may be forced to sell their home. One way of dealing with this concern would be to allow home owners to continue to receive the pension, but permit the government to recover the costs from their estate. To deal with equity concerns and a desire to leave some inheritance for the next generation, this could occur up to a limited residual equity value. Some consideration may also need to be given to regional price differences.

Deeming rates for financial assets should also be increased as they currently do not reflect a reasonable expectation of a rate of return or take into account the fact these assets should be drawn down over time.

In contrast, the pension taper rate for income earned from work should be reduced to give older workers a greater incentive to continue to participate in the workforce if they wish.

Recommendation 4: Reform the pension means test
The Pension means test should be reformed:

- the pensions of home owners should be provided as loans that can be collected against the property up to a residual equity value

- the deeming rates for financial assets should be increased to match actual market rates and assume drawdown of the principal over time
- the pension taper rate for income earned from work should be reduced to give older workers a greater incentive to continue to participate in the workforce if they wish

3. SUPERANNUATION

3.1 Contributions

Discussion of compulsory contributions involves issues for both employers and employees, and concerns both the actual rules and the way that those rules are enforced.

3.1.1 Contribution rules

Compulsory savings should be focused on ensuring that individuals are not reliant on public support. One approach would be to have the rate of compulsory contributions gradually fall as an individual's income increases. However, higher income earners are likely to spend their savings more quickly so the current approach of making savings proportionate to income is sensible. ACCI opposed the increase in the compulsory superannuation contribution rate from 9 per cent to 9.5 per cent. The superannuation contribution rate should not be increased further. Arguably, the Government should reduce superannuation contributions back to 9 per cent. This money would be returned to the pay packets of employees and provide a strong short-term stimulus to the economy.

One option that could be considered is allowing flexibility in contribution rates, so that individuals can drop below the statutory contribution rate during years when they have significant expenditure needs provided they make top ups in earlier or later years. This prevents people from unnecessarily taking on debt.

Recommendation 5: Focus superannuation contributions on reducing public support for retirement
It is not clear that increasing compulsory superannuation contributions would produce a fiscal saving in excess of the cost so compulsory contributions should be maintained at their current levels – if not reduced to 9 per cent.

3.1.2 Enforcement

Essentially the superannuation guarantee charge is a tax albeit one intended to encourage employers to make superannuation guarantee contributions on behalf of eligible employees rather than paying the tax. For a number of reasons this does not give rise to an effective compliance regime. There is too much outstanding unpaid contribution and a significant proportion of unpaid contribution which is identified each year is unrecoverable. An unpaid contribution is a direct loss to the member but also a loss to the overall national retirement system.

A number of factors contribute to this state of affairs. These include the time taken for missed contributions to become visible, which seems likely to be reasonably addressed in the medium term by real time reporting, the complexity of the SG charge itself, which is in part addressed by the Government's December 2014 MYEFO statement and the dysfunctional penalty structure associated with the SG charge. To date, this last issue has not been addressed.

A SG charge arises when a complying contribution was not made by the due date. Identifying the SG charge basically relies on employer self-reporting. Where the Commissioner investigates a suspected failure to report, there is discretion as to penalty. Where the employer self-reports the existence of the SG charge, there is no discretion as to the penalty. The whole charge must be paid, and although the member receives the collected charge as a contribution into his or her fund, for the employer the properly paid SG charge is not treated as a contribution.

The longer contributions remain unpaid the greater the likelihood that they will not be. One important factor discouraging late payment of a contribution, or payment of the SG charge the missed contribution creates, is that the penalty regime imposes an excessive and arbitrary cost on re-joining the system. The consequences are that many small businesses sit outside the system with unpaid contributions which they are unable to remedy. They simply cannot afford to.

The compliance regime for the SG charge needs addressing as a matter of priority to make it effective, equitable and appropriate to the incoming electronic transactional systems.

In the more immediate term serious consideration should be given to providing a small business amnesty period, during which time employers with overdue contributions could pay the overdue amount of contribution, together with the interest attracted by non-payment, and have that treated as a contribution not attracting a SG charge, nor the obligation to report it.

Recommendation 6: Contribution amnesty
The compliance regime for the SG charge needs addressing as a matter of priority to make it effective, equitable and appropriate to the incoming electronic transactional systems.

To overcome the problem of unpaid outstanding super contributions that have arisen from honest errors consideration should be given to providing a small business amnesty period, during which time employers with overdue contributions could pay the overdue amount of contribution, together with the interest attracted by non-payment, and have that treated as a contribution not attracting a SG charge, nor the obligation to report it.

3.2 Access restrictions

Superannuation is designed to pay for retirement so there is a strong logic for restricting early access.

The main way that access to superannuation is restricted is by preventing withdrawals prior to the preservation age.

There is some justification for arrangements that allow earlier access to superannuation if an individual's personal circumstances, but this must involve sacrificing concessional taxation.

Setting the preservation age is a difficult task. There has to be some link with the pension age. While superannuation is an individual's savings, they have received some support through taxation and the basic purpose of compulsory savings is to ensure that individuals have sufficient funds to pay for their own retirement and avoid reliance on the pension. If the gap between the preservation age and life expectancy increases the level of contributions would also need to increase to prevent pension reliance. Additionally, if there is a large gap between the pension age and the preservation age then there is an increased incentive for individuals to retire early and spend their super before moving onto the pension when they reach the pension eligibility age. Recent research by the Productivity Commission suggests that this is a function of account balances, with individuals with low account balances being far more likely to take out lump sums.

Some gap between the pension age and the superannuation preservation age should be left to recognise the fact that superannuation is substantially private savings rather than public support. Concerns about early retirement increasing pension reliance could be partly dealt with by preventing lump sum payments prior to the pension age, or at least limiting lump sums to a certain purpose, proportion or amount. Superannuation withdrawn within the gap period could also be taxed at a higher rate.

Restrictions on access to superannuation in retirement could also be considered to ensure that rapid draw down on savings does not unnecessarily lead to increased pension reliance.

Recommendation 6: Reforming the preservation age and access restrictions
The preservation age for superannuation should continue to be lower than the pension age, but the ages should be linked to ensure that early draw down of superannuation does not lead to greater pension reliance.

For similar reasons, consideration should be given to placing restrictions on superannuation draw down, both before and after the pension eligibility age.

3.3 Tax concessions

As noted earlier, concessions for superannuation are necessary because long-terms savings are overtaxed. There are legitimate concerns that current concessions are overly generous, particularly for high income earners. However, discussion of superannuation tax concessions is often overly simplistic. In particular, the age pension and post-pension age health support are rarely considered in evaluating the progressivity of public support for retirement.

The ideal approach to taxing superannuation would be to fully exempt contributions and earnings, and tax benefits at a progressive marginal rate. This would preserve the progressivity of the broader tax system and eliminate the effect of the investment horizon on the effective tax rate – essentially it is a progressive consumption tax. However, moving to benefit taxation is impractical because governments have to defer the collection of all taxation on contributions and earnings until retirement, and could also require such a sharp taper of post-retirement health support so as not to motivate serious gaming. A further problem is that those currently in retirement have already paid tax on their contributions and earnings.

An alternative to benefit taxation is to tax contributions at the full marginal rate, but fully exempt earnings and benefits. In many ways this is essentially equivalent to levying a progressive tax on benefits. However, successful investors and unsuccessful investors pay the same tax rate. Reducing the tax rate on earnings also further increases the concessionality of for those have already made substantial superannuation savings through concessions which are now considered overly generous.

Despite these issues, it makes sense to reduce taxation on earnings in the fund, as taxing earnings penalises those who save over a longer period of time with a higher effective tax rate. To deal with equity concerns, a very low flat rate of tax in the fund could be retained to implicitly apply some progressivity through higher effective tax rates on those with higher earnings. The level of concessionality on contributions could be reduced and turned into a discount rather than a flat rate. To prevent these changes from delivering windfalls to existing superannuants a low rate of tax on benefits could also be applied.

The changes outlined above are similar to the Henry Review proposals, but there is more emphasis is on lowering the tax rate on earnings, which in turn may require a higher tax on contributions and an additional tax on benefits to achieve appropriate levels of concessionality.

It is difficult to make evidence based recommendations on appropriate tax rates without access to a retirement income model. However, the principles for determining rates should be to as closely as possible approximate a progressive expenditure tax benchmark for all superannuants across different age cohorts – taking into account pension eligibility and other health related benefits for lower income earners and erring on the side of higher concessionality given the compulsory nature of superannuation savings.

Regardless of the changes to the broader tax treatment for superannuation, superannuation earnings should be taxed the same way regardless of whether an individual is past the preservation age. Additionally, transition to retirement arrangements should be adjusted so that individuals cannot reduce their tax rate by cycling labour income into superannuation while making equivalent tax free withdrawals.

However, reform of superannuation tax concessions should not be used as a revenue grab - any additional revenue that may be generated from better targeting of superannuation tax concessions should be used to reduce other taxes, such as the corporate tax rate or personal income tax.

Recommendation 7: Reform should be revenue neutral
Any additional revenue that may be generated from better targeting of superannuation tax concessions should be used to reduce other taxes, such as corporate tax or personal income tax.

Recommendation 8: Tax concessions should prevent over-taxation by targeting an expenditure tax benchmark
It is hard to be definitive about how concessions should change without access to a detailed retirement income model, but changes should probably involve higher and more progressive (but still concessional) taxes on contributions, very low taxes on earnings, and a flat and low rate of tax on benefits. Applying a small tax to benefits prevents the move from earnings to contribution taxation from delivering windfall gains to those who have already made the majority of their superannuation contributions.

Regardless of any other changes, superannuation earnings should be taxed the same way regardless of whether an individual is past the preservation age and transition to retirement arrangements should be adjusted so that individuals cannot reduce their tax rate by cycling labour income into superannuation while making equivalent tax free withdrawals.

3.4 Restrictions on access to tax concessions

The primary purpose of compulsory private savings and associated tax concessions should be to reduce reliance on government funded pensions. However, there is a strong case for addressing the over taxation of savings more generally, by allowing access to these concessions through voluntary contributions. Nevertheless, the point of allowing voluntary access is to facilitate long-term savings rather than to provide tax minimisation opportunities for those already close to retirement. Exploitation of concessions designed to assist long-term savings should be limited by changes that focus the concessionality on the earnings phase. Even so, there is still an argument for limiting access to voluntary contributions. Unlimited access would essentially involve moving to an approximated expenditure tax treatment for savings in general, but only if those savings are used to fund retirement incomes. While the current approach to taxing savings is problematic it should be dealt with holistically rather than only with respect to savings for a particular purpose.

A sensible way of capping voluntary contributions is to apply an absolute lifetime cap. Caps relative to income do not make sense as they mean lower income earners can contribute less. As with the above discussion of tax rates, we have not tried to quantify a specific cap.

There is strong case for retaining access to superannuation concessions for voluntary contributions up to a specified cap – which should be determined on a lifetime basis – provided the basic concessions are changed to limit the scope for exploitation of the concessions by those who are already near retirement and hence would not be overtaxed on ordinary savings

Recommendation 9: Voluntary access to superannuation tax concessions
There is strong case for retaining access to superannuation concessions for voluntary contributions up to a specified cap – which should be determined on a lifetime basis – provided the basic concessions are changed to limit the scope for exploitation of the concessions by those who are already near retirement and hence would not be overtaxed on ordinary savings.

4. OUTSIDE THE RETIREMENT INCOME SYSTEM

Reforms outside the retirement income system may also help to make retirement income policy more sustainable. Any reform that increases economic growth would be helpful, as would reforms to reduce spending pressures elsewhere. A particularly effective way of addressing problems with the sustainability of the retirement income system may be to reduce skilled migration by increasing the dependency ratio.

Recommendation 10: Look for solutions outside the retirement income system
Broader policy reforms may help make retirement income policy more sustainable.

5. ABOUT ACCI

5.2 Who We Are

The Australian Chamber of Commerce and Industry (ACCI) speaks on behalf of Australian business at a national and international level.

Australia's largest and most representative business advocate, ACCI develops and advocates policies that are in the best interests of Australian business, economy and community.

We achieve this through the collaborative action of our national member network which comprises:

- All eight state and territory chambers of commerce
- 29 national industry associations
- Bilateral and multilateral business organisations.

In this way, ACCI provides leadership for more than 300,000 businesses which:

- Operate in all industry sectors
- Includes small, medium and large businesses
- Are located throughout metropolitan and regional Australia.

5.3 What We Do

ACCI takes a leading role in advocating the views of Australian business to public policy decision makers and influencers including:

- Federal Government Ministers & Shadow Ministers
- Federal Parliamentarians
- Policy Advisors
- Commonwealth Public Servants
- Regulatory Authorities
- Federal Government Agencies.

Our objective is to ensure that the voice of Australian businesses is heard, whether they are one of the top 100 Australian companies or a small sole trader.

Our specific activities include:

- Representation and advocacy to Governments, parliaments, tribunals and policy makers both domestically and globally;
- Business representation on a range of statutory and business boards and committees;
- Representing business in national forums including the Fair Work Commission, Safe Work Australia and many other bodies associated with economics, taxation,

sustainability, small business, superannuation, employment, education and training, migration, trade, workplace relations and work, health and safety;

- Representing business in international and global forums including the International Labour Organisation (ILO), International Organisation of Employers (IOE), International Chamber of Commerce (ICC), International Chamber of Commerce and Industry Australia (ICCA) Business and Industry Advisory Committee (BIAC) to the Organisation for Economic Co-operation and Development (OECD), Asia-Pacific Economic Cooperation (APEC) through the Australian ASEAN Business Council, Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) and Confederation of Asia-Pacific Employers (CAPE) and Indian Ocean Rim Association (IORA) through the Indian Ocean Business Alliance (IORBA);
- Research and policy development on issues concerning Australian business;
- The publication of leading economic business surveys and other information products; and
- Providing forums for collective discussion amongst businesses on matters of economic and policy reform.

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