Federal Pre-Budget Submission 2015-16

National Seniors Australia

Who we are

With more than 200,000 individual fee-paying members aged 50-plus across the country, National Seniors is the consumer lobby for older Australians and the fourth largest organisation of its type in the world.

Our members trust us to fearlessly and independently reflect their views to government, business, media and society. And this we do.

The policy recommendations in this document are drawn from the membership grassroots through surveys, letters, emails, phone calls, volunteer state advisory groups and a diverse and experienced Board.

The development of these recommendations is supported by highly qualified policy staff and our respected Melbourne based research arm, the National Seniors Productive Ageing Centre.

National Seniors stands for:

- Social and economic inclusion, including employment
- Decent safety nets for those who are unable to provide for themselves
- Recognition for those who work and sacrifice to provide for themselves in retirement
- Fairness and equity across generations
- Ageing with dignity, security and purpose

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OUTLOOK

The outlook for 2015 is bleak. Declining mining investment, falling commodity prices, weak wage growth and increasing unemployment[1] are contributing to low economic growth, undermining consumer confidence and threatening personal prosperity.

Nominal GDP growth forecast in the 2014-2015 Mid-Year Economic and Fiscal Outlook (MYEFO) is less than forecast at Budget (3%). Nominal GDP growth, now at 1.5 per cent, is the weakest nominal GDP growth in a financial year in more than 50 years[2].

Taxation revenue for the 2014-2015 financial year is also down by 1.9 per cent and the fiscal deficit has increased by 0.8 per cent of GDP in 2014-2015 (2.4%)[3] compared to 1.6 per cent in the 2012-2013 financial year.[4]

The recent downgrade of nominal GDP expectations and taxation revenue and an increase to the fiscal deficit reflects an uncertain economic future and presents challenges in returning to surplus.[5]

The over-50s, who, in 2015, comprise 48 per cent of the electorate, acknowledge these testing economic times and support efforts to build economic sustainability.

7 million Australians are aged 50-plus

3.8 million Australians are aged 50- 65

3.2 million Australians are aged 65-plus – Australia's fastest growing age

Their top three priorities (ranked as 'very important') according to a National Seniors survey conducted in December 2014 are *World class health care* (82.4%), *A fair and equitable society* (78.3%) and *A strong economy* (78%).

Of the 1,873 people surveyed 86.5 per cent considered *returning the federal budget back to surplus* as 'somewhat' or 'very' important.

The top three cost-cutting and revenue-raising measures they 'strongly support' to bring the federal budget to surplus are: *Improve tax collection from revenue of international companies (76.6%); tighten access to social security payments (45.5%);* and *increase Australian company tax (24.2%).*

[1] Goldman Sachs. 2015. *10 Themes for The Australian Economy in 2015*.
[2] Commonwealth of Australia. December 2014. *Mid-Year Economic and Fiscal Outlook 2014-15* (MYEFO), p. 36.
[3] Ibid.
[4] Commonwealth of Australia. September 2013. *Final Budget Outcome 2012-2013*, p.1.
[5] Mid-Year Economic and Fiscal Outlook 2014-2015. *Op. cit.*

While older Australians are currently split on *raising or broadening the GST* (41.5% either 'somewhat' or 'strongly oppose'; 43% 'somewhat' or 'strongly support'**;** 14.3% **'**neutral'), National Seniors is willing to have that debate in the context of a wider taxation review.

As an organisation, however, we do not support the following for the current generation of over-50s:

- Indexing the Age Pension to CPI only, as announced in the 2014-2015 budget
- Including the family home in the Age Pension asset test
- Increasing the Age Pension age from 67 in 2023 to 70 in 2035 without first improving the employment prospects of workers aged 50-plus.

Investing in Older Australians

The sheer size of the over-50s population (currently 7 million and expected to double by 2050) presents significant opportunities for the economy[6].

Through paid employment, volunteering and care-giving roles, older Australians are estimated to contribute $90 billion a year to the economy and community.[7] Given the opportunity to work and enhance self-sufficiency in retirement this contribution could be significantly increased.

Just a 5 per cent increase in the paid employment of Australians aged 55 plus would add $48 billion to the economy.[8] Currently, however, older Australians who want to work, face institutionalised age limits on both health and disability services, and essential employment-related schemes such as workers compensation and income protection insurance.

These barriers go beyond stifling the economic contribution of older Australians to promoting depression, social exclusion and poverty in old age.

To facilitate increased economic contribution and self-sufficiency, National Seniors proposes in this budget submission **Productivity Enhancement Measures** to enable the over-50s to increase their employment and taxation contributions and enhance their ability to self-fund their retirement. These measures would create a fairer financial and retirement income system which promotes self-sufficiency, improved access to health care, and promotes mature age employment.

200,000+

Australians aged 50 to 65 are on Newstart. Most are aged 60-65.

[6] Australian Bureau of Statistics. 2014. *Does Size Matter?- Population Projections 20 And 50 Years From 2013*.
Projections by the Australian Bureau of Statistics state that the proportion of people aged 65 years and over would increase to 19% in 2033 (from 14% in 2013). The working age population would decrease to 63% of the population, and there would be 59 'dependents' for every 100 'workers' in 2033. The proportion of people aged 85 and over would increase to 3%.

[7] National Seniors Productive Ageing Centre (NSPAC). 2009 - Updated 2014. *Still Putting In: Measuring the Economic and Social Contributions of Older Australians.* National Seniors Australia: Melbourne.

[8] Australian Human Rights Commission (AHRC). 2013. *Fact or fiction? Stereotypes of Older Australians.*

Under the heading **Wellbeing** National Seniors recommends a mix of initiatives that will enable the over-50s to not only contribute to the economic growth of the nation but also age with dignity.

A country as wealthy as Australia should boast affordable and accessible housing and health care, and decent safety nets for those who fall through the cracks.

While certainty around Age Pension and superannuation policy settings is important, older Australians are also looking for innovation in the retirement income space. This includes options around risk-free ways of releasing equity in their homes in order to live with dignity.

Finally, we identify **Budgetary Repair Measures** or expenditure savings that will not compromise living standards or core service delivery.

Estimates of costs and savings for all measures are provided in Appendix 1.

The over-50s have a critical role in overcoming the challenges currently facing the economy. The path to surplus and a more prosperous Australia is only achievable by enabling the whole of society to freely contribute and strive towards self-sufficiency.

PRODUCTIVITY ENHANCEMENT MEASURES

1. **Develop a holistic, comprehensive and clearly articulated cross-portfolio retirement income strategy that considers taxation, social security and financial system overlaps and all interactions following national reviews of these specific areas.**

The lack of a coherent, overarching retirement incomes strategy, constant change and continual speculation around superannuation rules and Age Pension eligibility create great uncertainty for Australians in and nearing retirement.

Australia requires a-whole-of-Government retirement income strategy that: includes clear goals for the superannuation system and an adequate Age Pension; encourages individuals to save and self-fund their retirement; and incorporates the need for age appropriate housing.

National Seniors' research shows over half of Australians aged 45-plus with knowledge of superannuation believe the rules change too often. Almost 40 per cent of those still working say changes to the system are affecting their retirement plans.[9] Setting clear goals will provide stability to the superannuation system. Future changes would be assessed against the superannuation system's publicly accountable goals.

2. **Remove remaining age limits on superannuation contributions**

Older Australians have welcomed the removal of the age limit on the employer superannuation guarantee. Despite this, age limits continue to exist across superannuation. These restrictions are discriminatory, counter to Government efforts to promote mature age employment and a disincentive to self-sufficiency in retirement.

Two examples of these include the low-income government co-contribution scheme which cuts out at age 71, and voluntary contributions more broadly which end at age 75. (*See figure 1*)

Removing the age-based restrictions would remove a barrier to workforce participation and put seniors in a better position to self-fund their retirement.

Consistency in legislation would run parallel with Government moves to extend the working lives of all Australians. It's important to note that age limits, identified in the Australian Law Reform Commission *Age Barriers to Work* report, continue to exist across workers compensation, professional licensing and income protection insurance in all jurisdictions. National Seniors will continue to pursue the dismantling of these separately.

Figure 1: Age limits on superannuation

Category	Age Restriction
Voluntary super contributions	Members cannot: (a) make voluntary contributions from age 65 until age 75 unless they meet a work test; or (b) make voluntary contributions from age 75.
Income tax deductions for voluntary contributions	Deductions cannot be claimed by: (a) employers for voluntary contributions made for employees aged 75 years and over; or (b) self-employed workers for contributions made when they are aged 75 years and over.

[9] National Seniors Productive Ageing Centre (NSPAC). 2012. *Barriers to Mature Age Labour Force Engagement in Australia.* National Seniors Australia: Melbourne.

Category	Age Restriction
Contribution splitting	Members can apply to split contributions regardless of own age, but the spouse receiving the extra contributions must be either: • less than 55 years old– regardless of whether they're working or not, or • 55 to 64 years old and not permanently retired.
Government co-contributions	The Australian Government will not make co-contributions for persons aged 71 years and over.
Bring forward rule	>65 cannot take advantage of the bring-forward rules when making after-tax contributions.

The Over-50s: Working For Australia

3. Complement and raise awareness of the Restart Wage Subsidy Scheme with other initiatives including but not limited to a national Mature Age Workers' Employer Champion Award to recognise businesses which demonstrate best practice in employing older people.

Australia is losing $16.2 billion a year from not utilising the skills and experience of older people who want to work.[10] Just a 5 per cent increase in paid employment of Australians aged 55 and older would add $48 billion per annum to the economy.[11]

The over-50s face numerous barriers to employment, including discriminatory attitudes and age-based thresholds in income insurance and protection, professional licensing and workers' compensation schemes. Once unemployed, people aged 55 and over spend 73 weeks on average out of work compared to only 40 weeks for Australians aged 15-54.[12] Attitudinal change is critical to ensuring that the over-50s are seen not as a burden but as productive and valuable members of the workforce. This change must be driven by Government, business and the community.

Whilst welcome, uptake of the $10,000 mature age worker employment subsidy Restart introduced in 2014 has been disappointing. Just over 800 job seekers so far have joined a scheme meant to benefit 32,000.[13] More resources are required to ensure that the business community is aware of the scheme *and* the benefits of employing older Australians. The Government should recommit to the Scheme's target of assisting 32,000 mature age job seekers annually.[14]

By reviving the Mature Age Workers' Employer Champion Awards, or developing a similar award, astute businesses can lead the way in adapting to an ageing workforce and driving attitudinal change. Award criteria could cover recruitment practices such as training, education and career development opportunities, built environments, and alternative work options such as flexible hours, job-sharing and phased retirement.

Capitalising on the Restart Wage Subsidy Scheme and recognising best practice for mature age employment will drive the attitudinal change required to harness the economic potential of an older workforce.

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[10] Updated figure from National Seniors Australia (2009) *Experience Works: The mature age employment challenge*.
[11] Australian Human Rights Commission .2013. *Fact or fiction? Stereotypes of older Australians*.
[12] ABS. 6291.0.55.001 2014. Labour Force, Australia.
[13] Shields. B. January 2, 2015. *The Sydney Morning Herald*. Key Abbott government employment scheme struggles to meet target.
[14] Commonwealth Budget Paper (2014-15) *Social Services Restart: Assistance for mature age job seekers*.

4. Provide early intervention reskilling opportunities for 1000 mature age employees in declining industries.

Older workers have always been vulnerable in redundancy exercises – they are traditionally the first to go and, as long term unemployment rates attest, last to be rehired.

In 2004, 1100 workers lost their jobs in the closure of Adelaide's Mitsubishi plant. Three years on, 19 per cent were only casually employed, 5.7 per cent were still unemployed, 5 per cent were "not working disability" and 12 per cent had retired altogether.[15]

Job losses are likely to only increase in declining sectors such as manufacturing. A 2013 survey conducted by human resources company Right Management confirms this. Of the 1500 Australian employers questioned, 22 per cent were planning redundancies, with an "above average" layoff rate at more than twice the global figure.

To offset the withdrawal of sector subsidies, the Federal Government can pro-actively identify those workers in declining industries who are less likely to find new jobs following redundancy, and provide targeted reskilling before workplace closures.

Alternatively, retraining could be tax deductible, putting the onus on workers in declining industries to ensure their skills stay current.

Build Consumer Confidence in the Financial System

National Seniors supports the general thrust of the Financial System Inquiry's (FSI) final report including its emphasis on consumers and transparency. Now government must work towards driving down superannuation fees and charges and ensuring all Australians are more actively engage with the financial system.

Saving for retirement is an ever increasing challenge with rising living costs and growing longevity. Australians must now save significant funds ($487,000) to attain even a modest lifestyle in retirement. Some aspects of the financial system are unnecessarily contributing to this challenge. The recent change to the definition of inactive bank accounts and the poorly governed financial advice sector have reduced and, in some cases, eliminated completely, the retirement savings of the over 50s.

5. Return to 7 years the definition of an inactive bank account

Substantial funds are being removed from bank accounts as unclaimed money. In 2013-14, ASIC received $231 million in unclaimed money.[16] A large proportion of these funds are owned by Australians aged over 50 who set aside funds and left them untouched within bank accounts which often provide above CPI rates of interest[17] with the intention of accessing those funds on retirement.

The percentage of unclaimed monies returned to the account holder has significantly declined between the financial years 2009-2010 and 2012-2013, a difference of 49.5 per cent.[18] The stress and inconvenience resulting from the discovery of account closures and the ensuing process to reclaim monies is unacceptable.

[15] Fran Baum et al, *An Evaluation Of The Impact Of The Retrenchment Of Mitsubishi Workers On Affected Workers, Their Families And Communities: Implications For Human Services Policies And Practices* (Flinders University), 2006
[16] Australian Security and Investments Commission (2013-14) Annual Reports.
[17] Commonwealth Bank of Australia. 2012. Submission to the Inquiry into *Treasury Legislation Amendment (Unclaimed Money and Other Measures) Bill 2012.*
[18] Australian Security and Investments Commission (2013-14) Annual Reports.

6. **Bring forward the start date of the requirement for financial advisors to hold a higher education qualification and act with professional standards to 2016.**

Australians expect the Government will improve on and implement recommendations arising from the 2014 Parliamentary Joint Committee on Corporations and Financial Services Inquiry into proposals to lift the professional, ethical and education standards in the financial services industry.

The over-50s, in particular, have welcomed the Inquiry's recommendations, including that financial advisors meet tougher professional, ethical and educational standards which will bring them in line with legal and accounting professionals. The proposed commencement date of 2019 for the requirements for financial advisors to hold a higher education qualification and act within professional standards, however, is unacceptable.

Many Australians seek financial advice on how to invest their life savings to ensure they save sufficient funds for their retirement. Unfortunately, not all of their experiences with financial advisors have been positive. Retirement investment decisions are some of the most critical individuals make. Older Australians cannot defer their retirement investment decisions until 2019 – and they expect only the highest standard of their financial advisers.

Given that most financial advisors are controlled, owned or affiliated with the large financial institutions (and their extensive resources), compliance with the new requirements should not be an onerous task and does not require such a long lead time.

The Australian Securities and Investment Commission should be provided with more powers and adequately funded to ensure that financial advisors and institutions comply with consumer protection requirements.

Health & Wellbeing

Safety Nets

7. **Maintain current indexation of the Age Pension through the higher of the Consumer Price Index (CPI) and Pensioner and Beneficiary Living Cost Index (PBLCI), benchmarked to Male Total Average Weekly Earnings (MTAWE).**

The Age Pension, as a basic retirement income, must provide for a dignified standard of living. Accordingly, it is indexed twice a year against either the CPI or PBLCI and benchmarked against a percentage of Male Total Average Weekly Earnings. This is to ensure that it realistically reflects, and keeps pace with, rising living costs.

However, in 2014, the government announced that from 2017 the Age Pension would be indexed to CPI only. This came as figures show that 53 per cent of pre-retirees will have less than $400,000 at the start of their retirement - well below the $544,000 lump sum that the Australian Securities and Investment Commission (ASIC) estimates is needed to attain a comfortable lifestyle in retirement.[19]

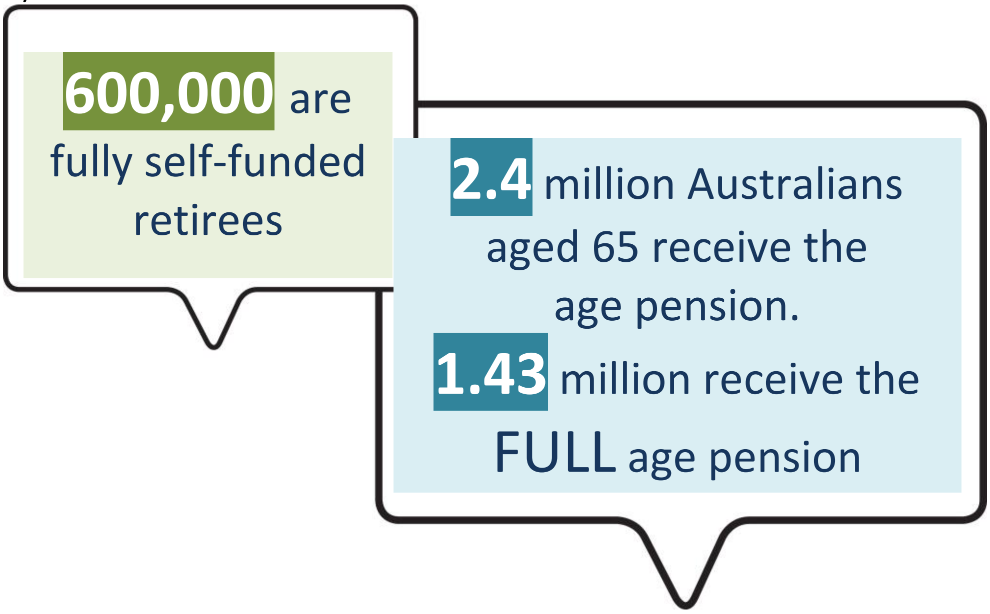
Around 55 per cent of Australians indicate the cost of living is continuing to increase faster than their income[20] - this is particularly the case for retirees on low fixed incomes. Over the five years to March 2013,

[19]National Seniors Productive Ageing Centre (NSPAC).2014. *How Realistic are Senior Australians Retirement Plans?* National Seniors Australia: Melbourne.

[20] HSBC. 2015. *The Future of Retirement Global Report: A balancing act Global Report.* HSBC Holdings: London.

the cost of essentials rose by more than double the inflation rate - electricity rose by 83 per cent (6.2 times CPI); water and sewerage by 63.1 per cent (4.7 times CPI); gas by 57.5 per cent (4.3 times CPI); and property rates and charges by 32.6 per cent (2.4 times CPI).[21]

The proposed change to indexation is predicted to erode the real value of the Age Pension by $80 a week within a decade. Given rising living costs, full Age Pensioners cannot sustain a reduction in their income. The current indexation method must be retained to ensure pensioners can afford essential services and remain healthy.



8. **Implement a 'Rightsizing' Program that exempts up to $150,000 in proceeds from the sale of the home from being assessed under the income or asset test for Age Pension eligibility.**

Currently the family home is excluded from the Age Pension assets test. However, National Seniors is opposed to including the family home, often the most valuable asset Australians own, both materially and emotionally, in the Age Pension means test.

Seniors' homes may have increased in value however their incomes have not kept pace with the cost of living, leaving many with homes they struggle to maintain and that do not meet their lifestyle needs.

Older Australians require age-appropriate housing, which can be secured by rightsizing. An innovative approach is required to enable seniors to access their equity wealth and downsize without the additional risks and disincentives of reverse mortgages, and without the fear of a negative impact on their Age Pension. Such an approach would enable seniors to become more self-sufficient and also free up housing stock for large families.

The former Labor Government's *Housing Help for Seniors* pilot scheme, announced in the 2013-14 budget, was a step in the right direction. However, the restrictions on the use of the excess sale funds and requirement to have lived in the home for 25 years restricted its usefulness to older Australians.

[21]National Seniors Productive Ageing Centre (NSPAC). 2013. *A squeeze on spending? An update on household living costs for senior Australians.* National Seniors Australia: Melbourne.

> **Over-55s hold 58 per cent of Australia's wealth. But the majority is locked up in the family home.**

National Seniors' proposed *Rightsizing Program* overcomes the disadvantages of the Housing Help for Seniors scheme by having no living time eligibility requirement and, critically, allowing the excess sale funds of up to $150,000 to be drawn on to pay for age-friendly home modifications or pay for health and aged care costs. The scheme would not only provide an incentive to downsize or modify the family home, but also allow older Australians to become more self- sufficient, releasing funds otherwise tied up in bricks and mortar.

The ability to downsize into an age-appropriate home can reduce the need for publicly funded in-home care services. Excess sale funds could then go towards critical services, such as health costs, significantly reducing the burden on government supported health systems.

9. **Remove the inequity within the PBS by reducing the safety net threshold for a low income single person or a single concession card holder to 66 per cent of the threshold of a couple or family.**

Singles, pensioners and concession card holders have to accrue the same level of out-of-pocket costs as a couple or family to become eligible for the Pharmaceutical Benefits Scheme safety net. The same general or concessional safety net threshold is applied to a family unit regardless of whether the unit consists of an individual, a couple or a family with multiple dependent children.

The single Age Pension of $854.30 per fortnight is 66 per cent of a couple's pension of $1288.00 per fortnight. Yet the single person would take longer to accumulate the required number of prescriptions to reach the PBS safety net threshold.

Health

Access to medication and health care is essential for the wellbeing of older Australians and directly impacts the ability of older individuals to contribute to the economy and community.

10. **Fund the implementation of the Pharmaceutical Benefits Advisory Committee's recommendation to add a herpes zoster virus (shingles) vaccine to the National Immunisation Program for the vaccination of Australians aged 70 years, and a one-off catch up program for Australians aged 71-79 years of age.**

Shingles occurs among one in two people by the age of 85, with 100,000 cases each year in Australia.[22] The Herpes zoster virus becomes dormant following chicken pox infection and may emerge later in life as shingles during periods of stress or lowered immunity. Acute and chronic Herpes zoster pain and related

[22] National Centre for Immunisation .2009. Research and Surveillance. *Zoster vaccine for Australian adults*: NCIRS Fact sheet.

complications significantly affect quality of life, impact productivity, thereby reducing an individual's economic contribution and their physical and emotional functioning.[23]

Shingles has a direct impact on productivity of Australians with one study finding that 60 per cent of patients who were working when they acquired a shingles infection reported an absence from work.[24]

The recent Pharmaceutical Benefits Advisory Committee's recommendation to add a Herpes zoster virus vaccine to the National Immunisation Program for the vaccination of Australians aged 70 years, and a one-off catch up program for Australians aged 71-79 years of age is welcome by older Australians. Older Australians now expect that the Government will implement and fund the Pharmaceutical Benefits Advisory Committee's recommendation within the 2015-16 budget.

11. Trial a national program of subsidised low-vision technologies for Australians over 65 (maximum of $2,000 over two years for eligible concession card holders).

More than 500,000 Australians over 40 live with vision impairment, with 800,000 likely to be affected by 2020.[25] People with low vision experience higher absenteeism and premature retirement.[26] Vision loss costs Australia $2.98 billion in healthcare costs and $2.3 billion in lost productivity each year. Australia has no national services and lacks integrated models of care and prevention to reduce vision loss for people 65 and older. This contrasts with disability packages for people under 65 and free testing and hearing aids under the Hearing Services Program for concession card holders over 65.

Subsidised assistive technologies for people living with severe vision loss would boost their productivity and reduce the associated health costs.

BUDGETARY REPAIR/SAVING MEASURES

In light of the difficult budgetary position and uncertain economic outlook, the Government should review its expenditure and implement saving measures.

12. Reduce duplication of Government services and departments.

Duplication of Government services is an inefficient use of resources which could be more effectively utilised to enhance delivery of services to all Australians. The Commonwealth should only deliver and monitor those programs which require a national approach and divest delivery of any programs for which states and territories are responsible. The Commonwealth's role in programs delivered mainly by states and territories should be restricted to funding, coordinating training and quality standards and reporting on national agreements through COAG. To achieve savings the Government should:

- Remove Commonwealth/State and Territory overlapping service delivery, including reviewing the appropriateness of large Commonwealth departments with limited front line service delivery functionality, such as the Commonwealth Department of Education and Training and the Department of Agriculture.
- Reduce and consolidate the national funding agreements and the reporting and training programs into one general agreement administrated by a central Commonwealth Department such as Commonwealth Treasury.

[23] Szucs T.D, Pfeil, A.M. .2013. A systematic review of the cost effectiveness of herpes zoster vaccination, *Pharmacoeconomics*, 2013 Feb; 31(2):125-36.
[24] Johnson RW. et al. 2010. The impact of herpes zoster and post-herpetic neuralgia on quality-of-life. *BMC Medicine*.
[25] Centre for Eye Research Australia, Visionary: *Annual Report* 2012, Melbourne.
[26] International Federation on Ageing, *The High Cost of Low Vision: The Evidence on Ageing and the Loss of Sight*, Canada

13. Restructure the Health System.

A more efficient health system would improve outcomes across the continuum of care and deliver savings in hospitals, primary healthcare and pharmaceutical services. To achieve savings, the Government should:

- **increase competition in the pharmacy sector by removing location and ownership restrictions:**

The current restriction on ownership and location of pharmacies limits consumer choice and also limits competition which could be artificially inflating prices. As suggested by the Competition Policy Review Panel, restrictions on ownership and location should be replaced with regulations to ensure access and quality of advice on pharmaceuticals that do not restrict competition.[27]

- **substitute cheaper generic medicines and negotiate more favourable purchasing agreements with drug companies to increase access to medicines:**

The Government's spending on the PBS grew by 6 per cent a year in the five years to 2010-11.[28] Australians spent $18 billion on medicines in 2010-11, including $9 billion expenditure on the PBS for which Government subsidised 80 per cent of costs.[29] The Grattan Institute estimates that Australia could save $1.3 billion a year – 14 per cent of the entire PBS budget – if an independent board managed drug purchasing decisions within a capped budget, negotiated cheaper agreements with drug companies and increased the uptake of generic medicines.[30]

The Government must ensure that the best possible price is secured for drug purchasing and where possible that generic medicines are purchased.

14. Improve tax collection from revenue of large domestic and international companies.

Over 76 per cent of older Australians surveyed by National Seniors support improving tax collection from revenue of international companies as a way of bringing the budget back into surplus .

While the profit-shifting tax avoidance structure of multinational companies such as Google, IKEA and Apple are well known, ASX 200 companies are estimated to avoid up to $8.4 billion in tax annually.[31] As a result of specific targeting, it has been reported that the Australia Tax Office has requested $250 million in extra tax from large companies in 2014-15[32].

The Government could investigate the creation of an Australian version of the UK Diverted Profits Tax and drive the formation of an international agreement to a set of rules by which multinational corporations record revenue and transfer profits.

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[27] Competition Policy Review Panel (2014) Competition Policy Draft Report .
[28] Duckett, S.J. with Breadon, P., Ginnivan, L. and Venkataraman, P., 2013, Australia's bad drug deal: high pharmaceutical prices, Grattan Institute, Melbourne
[29] Australian Institute of Health and Welfare, Australia's Health 2012, Canberra
[30] Op. cit. Duckett et al
[31] Who Pays for Our Common Wealth? Tax Practices of the ASX 200 (
[32] Tax Office claims it's on track to recoup $1b revenue from multinationals http://www.smh.com.au/business/tax-office-claims-its-on-track-to-recoup-1b-revenue-from-multinationals-20150226-13pygl.html#ixzz3SuupO6Zu

APPENDIX 1 COSTS AND SAVINGS MEASURES

Productivity Enhancement Measures:	**Estimated Spending**
Develop a clearly articulated cross-portfolio retirement income strategy that considers taxation, social security and financial system interactions following reviews of these areas.	Minimal
Remove the age limits on superannuation contributions.	Minimal
Complement and raise awareness of the Restart Wage Subsidy Scheme with other initiatives including but not limited to a national Mature Age Workers' Employer Champion Award to recognise businesses which demonstrate best practice in employing older people.	$2.8 Million
Return to 7 years the definition of an inactive bank account.	$200 Million
Bring forward the start date of the requirement for financial advisors to hold a higher education qualification and act with professional standards to 2016.	Funded by Financial Advice Sector.
Maintain current indexation of the Age Pension through the higher of the CPI and PBLCI and benchmarked to MTAWE.	Retain existing arrangements $0 additional cost.
Implement a 'Rightsizing' Program that exempts up to $150,000 in proceeds from the sale of the home from the Age Pension means test.	$100 Million (trial period)
Reduce the PBS safety net threshold for a single person or a single concession card holder to 66 per cent of the threshold of a couple or family.	Depends on number of concession card holders who fill sufficient prescriptions yearly to qualify for 100% & 66% of the PBS Safety Net threshold.
Fund the implementation of the Pharmaceutical Benefits Advisory Committee's recommendation to add a herpes zoster virus (shingles) vaccine to the National Immunisation Program for the vaccination of Australians aged 70 years, and a one-off catch up program for those aged 71-79.	$100 Million
Trial national program of subsidised low-vision technologies for Australians over 65 (maximum of $2,000 over two years for eligible concession card holders).	$15 Million
Budgetary Repair	**Estimated Savings**
Reduce duplication of Government services and departments.	$1.3 Billion
Restructure the Health System: • relaxing current restrictions on pharmacies location and ownership; and • implementing more efficiently manage and negotiated national drug purchases.	$1.5 Billion
Improve tax collection from revenue of large domestic and international companies.	$3 Billion

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