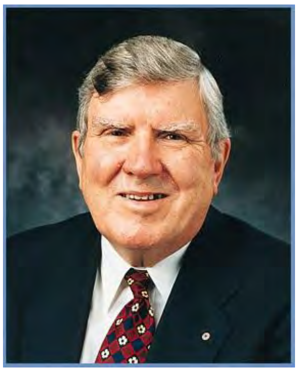
Mr Everald Compton AM



Chair, Advisory Panel on the Economic Potential of Senior Australians

Chair, Consultative Forum on Mature Age Participation

Former Chair, National Seniors Australia

Chair, Surat Basin Rail Pty Ltd

Chair, ATEC Rail Group Ltd

Chair, Tenement to Terminal Pty Ltd

Reform Priorities for an Ageing Society

Age Limit on Personal Superannuation Contributions

- A work test and age limits are imposed on the contributions that individuals can make to a superannuation fund beyond age 65. The Government will increase the superannuation guarantee age limit from 70 to 75 from 1 July 2013.
  - To maximize the ability of Australians to accumulate superannuation savings over the course of their life, all restrictions on contributions by people over the age of 75 should be phased out from 2013.

Disincentives for Mature Age Participation through Retirement Income System

- The superannuation system impacts on the retirement decisions of Australians in conflicting ways.
  - For example, superannuation benefits paid from a taxed fund are tax free for people aged 60 years or over providing an incentive to leave the workforce and commence drawing down superannuation benefits. However, the transition to retirement rules allow the payment of superannuation benefits even without retiring, once people reach their preservation age (currently 55), encouraging workforce participation by older workers.
    - : It is important that the Government review how the retirement income system interacts with incentives for mature age employment to ensure greater consistency. In particular, incentives to retire early should be removed from the system.

Longevity Products

- The increasing life expectancies of Australians will require a greater choice of retirement income products that can cater for the different needs of individuals in retirement.
- The superannuation industry has argued that more should be done to assist the development of financial products that allow retirees to insure against the risk they will outlive their savings.

  - AFTS recommended that 'The government should remove the prescriptive rules in the *Superannuation Industry (Supervision) Regulations 1994* relating to income streams that restrict product innovation.

    : It is important that this recommendation, in conjunction with the recommendation to have a uniform tax on earnings on all superannuation assets, should be further developed as a matter of urgency.

Maintaining the integrity of the Superannuation system

- There are still too many ways in which some taxpayers can exploit the integrity of Australia's superannuation system. Two of these are:
  - The ability of superannuation funds to make borrowings. This should cease as it places the funds at risk and detracts from their original purpose.
  - The capacity for those earning in excess of one million dollars a year to gain benefits far in excess of that which any responsible Australian needs to enjoy a good life in retirement. Greater curbs must be placed on this.

Stamp Duty – Disincentives for moving to appropriate housing

- Appropriate and affordable housing options are important to ensuring older Australians can age in familiar, secure and well serviced community environments.
  - Stamp duties, which account for 23 per cent of State taxes, deter housing turnover.
  - By adding to transaction costs, stamp duties also suppress the number of transactions undertaken in the housing market, reducing the effective supply of housing.
  - This impedes labour mobility and deters households from seeking more appropriate housing - including age friendly houses or communities - as needs and lifestyles change.

    : The impact of Stamp Duty on housing affordability and choice must be reviewed.

Infrastructure Reforms - Taxation policies regarding new infrastructure projects

- The taxation treatment of the development costs of infrastructure projects is a disincentive for the private sector to play a greater role in undertaking projects that governments are unable to finance alone.
  - All costs incurred prior to the financial close of a project should be tax deductable and not be treated as a capital cost.
  - Where a project fails, all costs must be tax deductible against the general revenue of the proponent company.

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