



AUSTRALIAN INSTITUTE of
SUPERANNUATION TRUSTEES

SHAPING PROFIT-TO-MEMBER SUPER

AIST 2020-2021 Pre-Budget Submission

31 January 2020

AIST

The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds.

As the principal advocate and peak representative body for the \$1.4 trillion profit-to-members superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST provides professional training and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.

Contact

Eva Scheerlinck, Chief Executive Officer

03 8677 3800

Zach Tung, Policy & Regulatory Analyst

03 8677 3851

Executive summary

AIST thanks the Minister for Housing and Assistant Treasurer for the opportunity to present our Pre-Budget Submission for 2020-21.

Whilst we support the role that the Budget must play in sustainable government, we note that the superannuation industry is presently in the midst of a large programme of reform including the implementation of recommendations from the recent Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry¹ and the Productivity Commission Inquiry into the efficiency and competitiveness of the superannuation system². Furthermore, we highlight that the retirement savings of Australian taxpayers should not be viewed as a resource to balance the Budget.

We also acknowledge the current review of the retirement income system that is seeking to establish a fact base system and we emphasise the need to ensure that public support provided through the retirement income system is appropriately targeted.

Given the large amount of important short to medium term issues that are likely to dominate policy in relation to superannuation and financial services, our submission this year presents a view of the longer term, both amongst those covered by Australia's superannuation system, and those who are not. Our recommendations are about improving conditions for members into the future and the fairness in the system.

We make the following recommendations:

- Measure and publish the impact that any future changes to super would have on women.
- The \$450 per month income threshold for the superannuation guarantee be abolished to improve fairness and reduce incentives to unnecessary casualisation.
- Accelerate the increase to the Superannuation Guarantee (SG) rate from 1 July 2020, with a view to achieving 12% in July 2024.
- In addition to examining levels of paid parental leave, SG to be paid on parental leave.
- A commitment to universality of SG cover for all PAYG employees, independent contractors, the self-employed and people on government support payments such as Community Development Program (CDP).
- Further improve the equity of tax concessions and support to achieve a comfortable retirement for all Australians.

¹ Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, Final Report, Volume 1 (2019). Available from: <https://tinyurl.com/y93raay5>

² Productivity Commission Inquiry Report, Superannuation: Assessing Efficiency and Competitiveness (2018). Available from: <https://tinyurl.com/y9ylxoll>

AIST Pre-Budget Submission 2020

- Single asset-based means test for the Age Pension and Aged Care
- Reduce the taper rate to \$2 per \$1,000 in assets
- Increase Age Pension rental assistance for non-home owners
- Legislated objective for the retirement income system, including superannuation and aged care.

Introduction

AIST acknowledges the history of Australia's superannuation system, including the introduction of compulsory superannuation in 1992 and the establishment of profit-to-member superannuation funds. Our \$2.9 trillion pool of retirement savings provides for a higher standard of living in retirement whilst also reducing the pressures on the Government funded Age Pension. Even just a small amount of superannuation can make a significant difference to their quality of life in retirement.

Our system is currently ranked third in the Melbourne Mercer Global Pension Index, which compares retirement income systems around the world based on their adequacy, sustainability and integrity. However, despite this progress there is still significant evidence that leaving the compulsory superannuation guarantee at 9.5% would consign low income workers – as well as millions of women and men with broken work patterns – to financial hardship in retirement. It would also lead to more Australians needing to rely on the Age Pension. Therefore, it is critical that the legislated increase in SG to 12% is not delayed.

Broader demographic, economic and workforce trends necessitate further enhancements to the superannuation system. These include:

- Improved understanding of member behaviour and decision making from the field of behavioural economics.
- A broadening in focus from the accumulation phase to the retirement phase.
- Changes in working patterns.
- Declining rates of home ownership.

The past few years has been a flurry of policy development culminating in three major inquiries into the superannuation specifically and the financial services industry more broadly. AIST welcomes the increased scrutiny this brings, together with the certainty that such transparency brings with it increased member engagement and community involvement. However, we importantly welcome the enormous opportunity this brings to improve the wellbeing and financial security of superannuation fund members.

AIST continues to support Australia's three-pillar retirement incomes system. AIST supports the need for a legislated objective for the superannuation system which would hold Government and policy makers accountable for ensuring a reasonably comfortable living standard in retirement.

We believe that a strong default system must ensure that people are filtered into high performing funds and ensures members who may already be in poorly performing funds are moved into high performing funds. For members who wish to choose their own products, we see the rights of

AIST Pre-Budget Submission 2020

these members to the same basic consumer protections as MySuper members as essential, together with the ability to compare the long-term net returns of all superannuation products.

AIST upholds the equal representation model of governance and have reinforced our endorsement of this model with a Governance Code which promotes continuous improvement in governance practices and aims to cement profit-to-member funds as the leading superannuation sector.

We support measures aimed at improving the adequacy of superannuation for low-paid workers, women and Indigenous Australians, as well as better targeting of tax concessions. We support regulation aimed at improving the retirement standards of Australians, including better retirement benchmarks, retirement income frameworks, availability of high quality and affordable financial advice and better targeted means-testing for the Age Pension.

AIST is pleased to present our submission.

Recommendations

Measure and publish the impact that any future changes to super would have on women

Several factors act against women reaching the best possible retirement outcomes, and the impact of tax, economic and social policy can have different consequences for women as opposed to men. As part of this submission, AIST recommends that the Government measure and publish the super gap each year and assess the impact that any future legislative changes to super would have on women.

AIST also considers that there is a need to reinstate the Women's Budget Statement which would allow proper analysis of the impact of the budget on women and could help in rectifying the gender super and gender pay gap.

Removal of the \$450 per month superannuation guarantee (SG) threshold

AIST recommends the removal of the \$450 per month income threshold on the Superannuation Guarantee as a measure to improve fairness.

There are four reasons supporting our recommendation:

- Cost to government would be minimal.
- Women and those on lower incomes would have a better retirement outcome.
- Increasing numbers of people have multiple jobs.
- Reduces incentives to the unnecessary casualisation of the workforce.

Cost to Government

While the aggregate cost of removing the \$450 monthly threshold would be small, industry experience suggests it is likely to be quite concentrated, resulting in significant improvements for those individual workers who are most disadvantaged by the current exemption.

Improving retirement for lower income & part-time employees (particularly women)

AIST notes that the high concentration of females working part-time is a contributing factor to their relatively low superannuation balances. Women comprise just under 70% per cent of the part-time workforce, with more (54.6%) employed part time than full time (45.38%)³.

³ ABS (2019). 6306.0 - *Employee Earnings and Hours, Australia, May 2018*. Canberra: Australian Bureau of Statistics. Available from: <https://tinyurl.com/ta7cwwt>

AIST Pre-Budget Submission 2020

AIST has long argued that abolishing the exemption on compulsory superannuation contributions for those earning less than \$450 per month would benefit many women – as well as males – on low incomes, working on casual or part-time bases. In female-dominated industries where working for several employers is common (such as retail, hospitality and health sectors), many employees are excluded from the SG system because the \$450 threshold applies only to a single employer, and not on a combined income level.

Case study of two employees		
Employee monthly income in single job	\$449	\$450
Annual income	\$5,388	\$5,400
Superannuation Guarantee p.a.	\$0	\$513
Estimated balance at retirement*	\$0	\$24,869

*Assumptions based on using ASIC Moneysmart Retirement planner

It should also be noted that at current SG rates, anyone earning just under the threshold would be eligible for \$42.75 per month in superannuation: Administration of this measure could cost more than this. The cost to Government for this measure would therefore be limited solely to the Low Income Superannuation Tax Offset (LISTO) payable, and has been costed at less than \$5 million per year⁴.

Given that superannuation guarantee payments are payable on the entire income for employees earning over \$450, the current threshold creates a stark contrast of outcomes for employees that may be earning only slightly different income. This contrast is amplified where the individual may be working two or more jobs each earning under \$450 per month.

Case study of a multiple-job holder	
Employee income first job	\$30,000
Employee income second job	\$4,800
Total income	\$34,800
Total superannuation	\$2,850 (8%)

Increasing numbers of multiple job holders

We highlight that in 2016-2017 approximately 2.1 million people (15.6%) of those who worked held more than one job at a time and that a higher number of these multiple job holders were female (53.7%). This has increased by 17% from approximately 1.8 million people (14.4%) in 2011-2012.

The \$450 minimum threshold creates a perverse situation for multiple job-holders that may not receive superannuation guarantee contributions for their entire salary and wages for the year. For the 2.1 million multiple job holders, the median employee income in 2016-2017 in a first job is \$27,479 and in a second job it was \$4,802 which equates to approximately \$400 per month⁵.

⁴ Clare, R. (2012). *Equity and superannuation – the real issues*. Sydney: Association of Superannuation Funds of Australia, p.15. Available at: <https://tinyurl.com/jbtjtko>.

⁵ ABS (2019). *6160.0 – Jobs in Australia, 2011-2012 to 2016-2017*. Canberra: Australian Bureau of Statistics. Available at: <https://tinyurl.com/u47j7lu>.

AIST Pre-Budget Submission 2020

As the percentage of Australians holding more than one job increases, so too does the likelihood that at least one job will pay under the \$450 threshold. As this, in turn, affects the retirement savings of Australians, we believe that time is right to debate the role that this threshold plays in limiting the retirement comfort of Australians.

Reducing incentives to the unnecessary casualisation of the workforce – the “gig economy”

We note that whilst wages have grown, so too has the increasing casualisation of the Australian workforce. AIST considers that the \$450 threshold provides an incentive for business to retain casual employees on low work rostering to avoid superannuation obligations and should be abolished.

Pay SG on paid parental leave

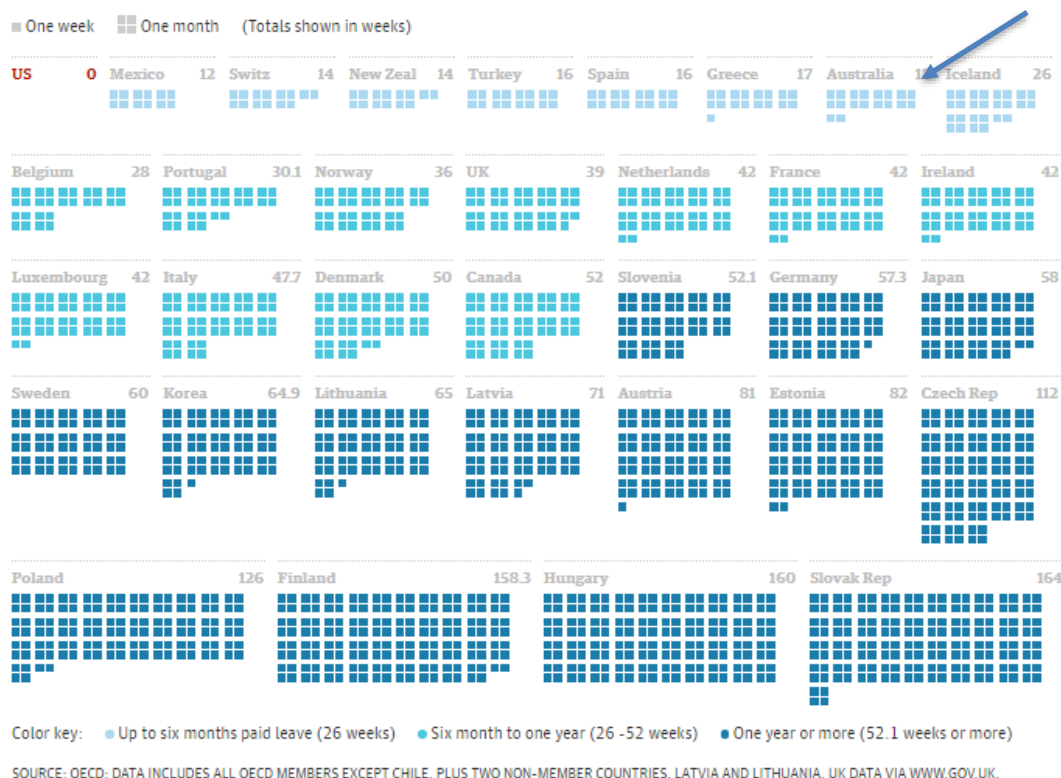
AIST supports a Government-funded parental leave scheme that includes a superannuation component, linked to the payment of SG contributions required on average weekly earnings. Paid parental leave is the only paid leave that does not have superannuation paid, this particularly disadvantages women who are the overwhelming majority on parental leave, and further exacerbates the gender super gap⁶. Latest statistics show that women still account for 93.5% of all the primary carer paid parental leave taken. The implementation of a paid parental leave scheme with a superannuation component, would allow parents to continue building their superannuation whilst on parental leave.

The lack of such a superannuation component – coupled with the very low level of paid parental leave – adversely contributes to the gap between women and men’s retirement savings. Paid parental leave schemes (coupled with superannuation) assist with improved workforce participation rates (particularly for women of child bearing age). The following is a chart⁷ representing where Australia sits comparatively in terms of paid parental leave (next page):

⁶ Workplace Gender Equality Agency (WGEA), Parental leave and support for caring (2019). Available from: <https://tinyurl.com/umtvv6y>

⁷ Popovic, N. (2014). The US is still the only developed country that doesn’t guarantee paid maternity leave. *The Guardian*. [online] Available from: <http://tinyurl.com/mtabaum>.

AIST Pre-Budget Submission 2020



AIST recommends that (in addition to examining levels of paid parental leave) SG be paid on parental leave.

Commit to increases to the Superannuation Guarantee

The changes to the schedule of increases to the Superannuation Guarantee (SG) which will see it eventually increase to 9.5% was formally delayed in 2014, through the repeal of the Mineral Resources Rents Tax.

Under the current timetable, the SG rate is set to increase to 12% from the earliest date of 1 July 2025. The original schedule would have seen Australians benefiting from a 12% SG rate from 1 July this year. This represents a major setback to a key long-term objective of superannuation, which is to ensure all working Australians enjoy an adequate retirement income. Any further delays to the SG timetable will also create more fiscal pressure on future governments in relation to Age Pension funding.

Lifting the SG rate to 12% is fundamental to ensuring that everyone – regardless of their gender or income level - can maintain their living standards in retirement. This is particularly important for people on low incomes, those working part-time or those who have taken time out of paid work as carers.

It is also important for middle-income earners. Analysis shows that if the SG was frozen at 9.5 per cent, a 30-year-old male earning \$85,000 a year would stand to lose \$147,000 from their super by the time they reach retirement. That's the equivalent of nearly \$5,500 extra a year in retirement⁸.

AIST recommends an accelerated commitment to increases to the SG rate from 1 July 2020, with a view to achieving 12% in July 2024.

A commitment to universality of SG cover for all PAYG employees, independent contractors, the self-employed and people on Government support such as CDP.

According to the OECD, pension systems should be designed to mitigate disparities between standard and non-standard workers in terms of coverage, contributions and entitlements so as to protect against old-age poverty, smooth the living standards upon retirement, ensure fair treatment, pool risks as broadly as possible and facilitate labour mobility across job types.

This however is not currently the case as independent contractors, the self-employed and workers receiving CDP are not covered by the superannuation guarantee.

Self-employed

Concerningly 20% of those self employed have no super whatsoever and if they do have super will tend to have significantly lower balances. The average superannuation account balance for self-employed males in the 60 to 64 age cohort is around \$143,000, compared with around \$283,000 for male wage and salary earners. For women, the average balance for self-employed women aged 60 to 64 is around \$83,000, compared with around \$175,000 for wage and salary earners⁹. Additionally, only 27% of the self-employed made contributions in 2016-17¹⁰.

This evidence suggests that the self-employed may forgo superannuation in order to invest more into their businesses. Although this is admirable, superannuation trustees have long promoted the benefits of diversification, and believe that the self-employed could similarly benefit from avoiding putting all eggs in one basket.

As a result, if they are unable to sell or gain a return on their business when they retire the self-employed will more likely to be solely reliant on the age pension, giving them a lower income and consequently lower quality of retirement.

⁸ Industry Super Australia (2019). Australians reject freeze on super guarantee. Available from: <https://tinyurl.com/v3h8p2x>

⁹ Craston, Andrew (2018). *Superannuation balances of the self-employed*. Association of Superannuation Funds of Australia. Available from: <https://tinyurl.com/qlhvjfd>.

¹⁰ OECD (2019). Pensions at a Glance 2019: How does Australia compare? Available from: <https://tinyurl.com/wfwqtqw>

Independent contractors

According to ABS labour statistics of the 12.6 million people who were employed in August 2018, approximately 8% were classified as Independent Contractors and of these 37% did not have sole authority over their work. However, it is important to note that a contractor is only considered an employee for superannuation purposes, and therefore entitled to super guarantee contributions, if they are paid ‘wholly or principally for labour’.

The difference in benefits between employees and independent contractors has led to an increase in what is known as sham contracting, where an employer may deliberately disguise an employment relationship as an independent contracting arrangement, instead of hiring the worker as an employee of the business or company to avoid superannuation obligations. For example, Cbus estimated that in 2013 alone \$261m was lost in contributions due to sham contracting¹¹.

Community Development Program participants

The Community Development Program (CDP) commenced operation 1 July 2015. The stated purpose of the program is to provide work and support to job seekers located in remote Australia. As at 1 January 2016, approximately 35,000 people were participating in the programme of which 80% identify as Aboriginal or Torres Strait Islander. CDP participants with activity requirements are expected to complete up to 20 hours per week of work-like activities and in regions that have high unemployment rates – up to 51% when averaged across states and can be higher at a local level¹².

AIST is concerned that under the program workers have no right to access workers compensation arrangements or holiday pay and they are not paid superannuation.

We believe that superannuation is a universal workplace entitlement and therefore should be paid to individuals accessing the CDP program, this is particularly the case when you consider that many participants are First Australians and suffer disadvantage. CDP workers are no different to any other Australian worker and should be afforded the same rights and protections as other Australians in the workforce.

Further improve the equity of tax concessions and support to achieve a comfortable retirement.

Superannuation tax concessions – in respect of superannuation contributions, investment earnings and superannuation benefits - are a form of government support. This government support, as

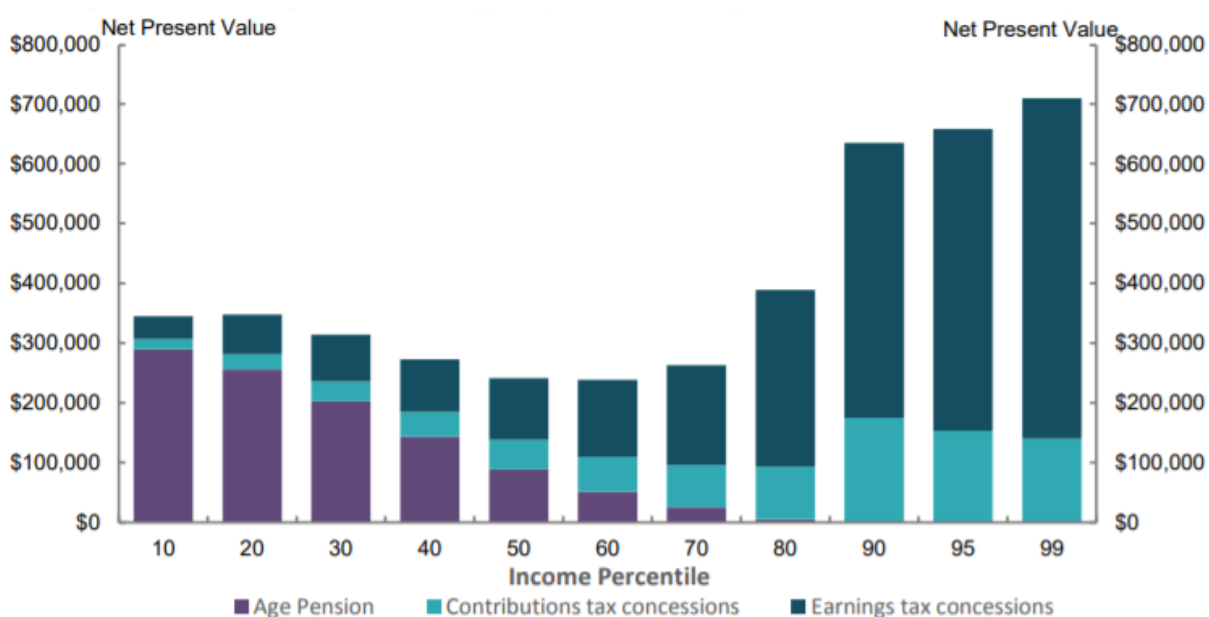
¹¹ Cbus (2015). *Superannuation Guarantee non-compliance*. Available from: <https://tinyurl.com/hgtpoog>

¹² The Australia Institute (2018). *The Community Development Program, remote Australia’s Work for the Dole scheme*. Available from: <https://tinyurl.com/vqv8pl8>

well as the government support provided via the age pension can – and should be – assessed for fairness and sustainability alongside each other. While superannuation is different to the age pension in that it is not a direct government expense, the government forgoes tax revenue to give super tax-advantaged status.

Unfortunately, as shown in the below graph¹³ the current level of lifetime government support provided through the retirement income system is more heavily weighted towards those in higher income brackets. Given that this cohort has a greater capacity to support themselves in retirement it not only an inequitable situation but also unsustainable as the population of Australia ages.

Lifetime government support provided through the retirement income system¹⁴



Source: Treasury calculations using a hypothetical cameo model

A contributing factor to this inequity is the current means testing thresholds for the Age Pension.

Single asset-based means test for the Age Pension and Aged Care & reduce the taper rate to \$2 per \$1,000 in assets

Single asset-based means test

Australia is the only country with the complexity of both an assets test and an income test. In another added layer of complexity, the means tests for the Age Pension and aged care are both structured differently, although both have an income and assets test, the thresholds and tapers

¹³ Retirement Income Review Consultation Paper (2019). Available from <https://tinyurl.com/t57sbb>

AIST Pre-Budget Submission 2020

differ. This complexity makes it exceptionally difficult for individuals to plan for and understand what their level of income in retirement will be.

Given that some assets are assessed under both tests, while other assets are assessed only under the assets test, the current two-part means test results in people receiving different levels of government payments even though they have the same level of wealth.

It is noted that the Henry Review also found that inconsistencies in scope between the income and assets tests reduce system coherence and results in an unequal treatment of pensioners with similar levels of private means¹⁵.

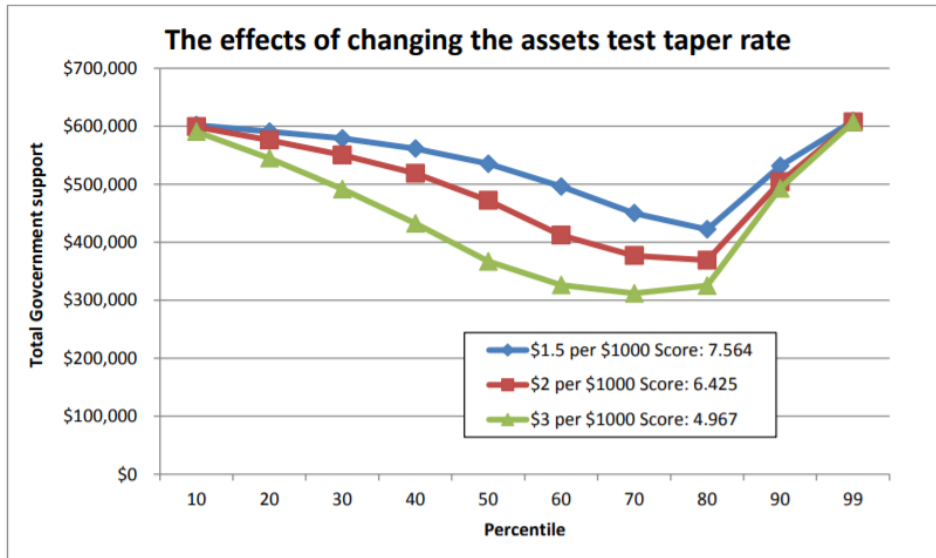
A single asset test would also address issues that have been raised regarding the way in which the deeming rates have not tracked changes in official interest rates.

Reducing the taper rate to \$2.00 per \$1,000 of assets

The changes made by the Government as part of the 2015-16 Budget to increase the taper rate from \$1.50 to \$3.00 (which became effective as of 1 January 2017) substantially reduced net Age Pension payments to the majority of recipients. In particular these changes reduced the partial age pension significantly for middle-income households.

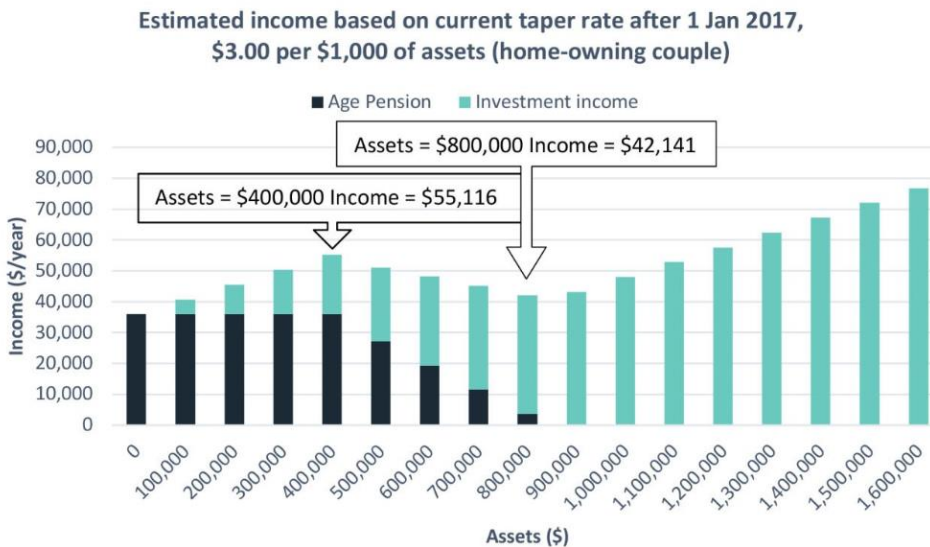
Research by AIST and Mercer at the time found that the fairness in the level of Government support was significantly impacted by this change. The modelling showed that the new taper rate would cut the level of government support for average income earners by up to 40 per cent, removing incentives for voluntary saving both in and outside of super, and threatening the integrity and sustainability of Australia's super system.

¹⁵ Henry et al (2009), Australia's Future Tax System: The retirement income system. Available from: <https://tinyurl.com/w9k6mbz>



The perverse disincentive that resulted from the changes in the taper rate for individuals to save for their own retirement was explored by Asher and Ravin in 2018¹⁶ who found that the assets test creates a trough in income between about \$300,000 and \$700,000 in assessable assets. The authors noted that within this range, annual income **declines** with increasing assets because the income from the marginal assets (whether returning 3%p.a or 5%p.a) is less than the Age Pension foregone.

These findings are also supported by National Seniors Australia and are highlighted by the chart below.



Source: National Seniors Australia¹⁷ & based on investment income on assets of 20% bank deposit @2%, 80% LICs @5.5%.

¹⁶ Asher and Ravin (2018), The Age Pension means tests: contorting Australian retirement. Available from: <https://tinyurl.com/unaaanc>

¹⁷ National Seniors Australia (2019), Reduce the asset test taper rate. Available from: <https://tinyurl.com/t5uyhkg>

The graph shows that under the changed taper rate, a home owning couple with \$400,000 in assets would receive an income of approximately \$55,000, whereas a couple with \$800,000 in assets would only receive an income of approximately \$42,000. This situation not only penalises individuals for saving for their retirement but encourages and rewards individuals to adapt their spending in order to increase Age Pension entitlements.

Increase Age Pension rental assistance for non-home owners

Our current retirement income system does not sufficiently meet the needs of non-homeowners as it has implicitly taken for granted that retirees will own their own homes by retirement. The 2016 Census however indicates that about 12% of people of aged 65+ were renting and according to CEPAR the likelihood of renting in retirement is higher among the less educated, single, poor, disabled and those living in rural areas¹⁸. Declining rates of home ownership are only likely to exacerbate this issue into the future.

It is generally understood that a household is experiencing ‘housing stress’ if it is paying more than 30% of its income in housing costs however in 2016, about 44% of renters aged 65-74 spent more than 30% of their income on rent, the highest rate of all age groups and the highest level over time.

Commonwealth Rent Assistance (CRA) is meant to help those that are renting however current levels differ significantly to the amount being paid in rent because the payment has not kept pace with rental prices. This has resulted in increasing levels of poverty among older renters. The current maximum amounts are inadequately low and are shown below (for people without dependent children):

If you're	The maximum fortnightly payment is
Single	\$138.00
Couple, combined	\$130.00

The actual amounts received as at June 2019 for those on the Age Pension are shown below:

Income units		Fortnightly rent paid	Fortnightly CRA
Number	Per cent	Median	Median
286,708	22.3	\$381.90	\$129.20

Data sourced from DSS¹⁹

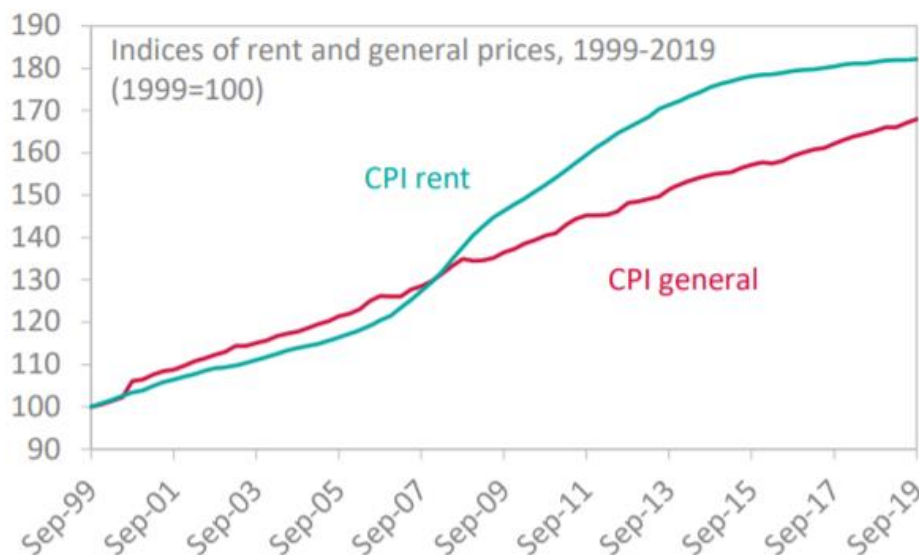
A key reason for the difference in rent being paid and the rental assistance being received is because it is linked to increase with CPI whereas in contrast rents have generally been rising at a

¹⁸ CEPAR, Housing in an ageing Australia: Nest and nest egg? (2019). Available from: <https://tinyurl.com/rvkpqba>

¹⁹ DSS, Payment Demographic Data (2019). Available from: <https://tinyurl.com/v9bdpch>

AIST Pre-Budget Submission 2020

faster rate – as illustrated in the below chart. Lack of access to affordable rental properties is supported by Anglicare research which estimates that less than one percent of properties across the country were suitable and affordable for a single person on the Age Pension²⁰.



Source: CEPAR

Given these findings we recommend an increase to Age Pension rental assistance for non-home owners.

Legislated objective for the retirement income system, including superannuation and aged care.

It is important that the issues and recommendations raised throughout this submission are considered against a legislated retirement income system objective. Lack of a co-ordinated approach in meeting a retirement system objective can result in ad-hoc and inefficient policy.

We recommend that the objective of superannuation should be:

'To provide an adequate income to ensure all Australians achieve a comfortable standard of living in retirement, supplementing or substituting the age pension.'

A legislated objective should be accompanied by measures to report against the objective along with secondary objectives and principles. We recommend the following guiding principles:

- a) **Adequacy:** Adequacy should take into account superannuation, public pensions, as well as other sources of income through, for example, means-testing.

²⁰ Anglicare Australia, Rental Affordability Snapshot (2019). Available from: <https://tinyurl.com/y4gufhal>

- b) **Fairness:** Delivery of fairer outcomes within the retirement incomes system through proper targeting of public pensions and superannuation concessions.
- c) **Intergenerational fairness:** ensuring the retirement incomes system takes generations (between and within) into account.
- d) **Superannuation is a savings and not a wealth creation vehicle:** ensuring the retirement incomes system does not unreasonably create intergenerational wealth transfer.
- e) **Sustainability:** ensuring adequacy and sustainability are suitably balanced taking into account current and future generations.
- f) **Gender lens:** Application of a gender lens to the retirement incomes system with a view to closing the gender gap.
- g) **Employment lens:** Application of a retirement incomes lens to employment policy development.
- h) **Structural change:** Demographic ageing and structural changes are taken into account.
- i) **Sole purpose of superannuation:** implementation of the primary objective of the retirement incomes system should be designed so as not to interfere with the operation of the sole purpose test, including the provision of insurance as part of superannuation benefits.
- j) **Transparency and accountability:** policy development should not be ad hoc, but should be developed within a transparent and accountable retirement incomes framework. The community needs to know how proposed policies will affect the adequacy, sustainability and fairness of the retirement incomes system prior to policies being tabled within Parliament. Statements of Compatibility should be used and include an assessment of how any proposed policies may impact quantifiable goals which have been set.
- k) **Role of superannuation in national savings:** Recognition of role of the superannuation system in national saving and funding economic activity, especially infrastructure.

Conclusion

Whilst we support the role that the Budget must play in sustainable government, we highlight that the retirement savings of Australian taxpayers should not be viewed as a resource to balance the Budget. It is important that the Australian community trust that the retirement income system will adequately provide for them when they can longer work.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Banking Financial Services in particular provides a historic opportunity to restore the community's trust in financial services and prioritise consumer best interests ahead of banking profits and executive bonuses. It is crucial that key recommendations to address harmful conflicts of interest in the financial services sector are prioritised and implemented in a way that will improve outcomes for all Australians.

AIST appreciates the opportunity to present our Pre-Budget Submission for 2020-21 and would be more than happy to discuss the issues raised further.