Tax Reform and Superannuation – An opportunity to be grasped

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Abstract

The Australian Government has embarked on a major tax reform process. Whilst the primary purposes of this reform are not related to Australia's retirement income system, the reform process does provide an opportunity to reduce the complexity of the current system of superannuation taxation and, at the same time, to establish a system that encourages longer term savings. This paper discusses a set of criteria for assessing alternatives and then proposes a particular set of changes including lower contribution taxes, the abolition of the surcharge and higher taxes on investment earnings and lump sum benefits.

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1 Introduction

The Australian Government has embarked on a major tax reform process. The Treasurer has recently suggested that the new system should be "fair, simple and efficient". (Costello, 1998) In addition the Government has suggested that "there should be no increase in the overall tax burden" and "any new taxation system should involve major reductions in personal income tax."

The total tax reform process raises a number of critical issues including the appropriate tax mix, the level of taxes and the reform of Commonwealth/State financial relations. This paper does not encompass the full tax reform debate. Rather it concentrates on the taxation of superannuation. This is an important issue for a number of reasons including:

- Any significant reduction in the level of personal income tax rates will change the relative attractiveness of all savings, including superannuation;
- The advent of compulsory superannuation for most Australian employees means that the taxation of superannuation affects most households;
- Superannuation represents the major form of savings (excluding the family home) for most Australians;
- Superannuation represents a major alternative for voluntary long term savings within the economy;

- The provision of an appropriate retirement income system is critical with an ageing population; and
- The taxation of superannuation has changed constantly during the last 15 years and is now extremely complex and poorly understood.

This last point is critical and undisputed. Both the World Bank (1994) and a recent report from the Senate Select Committee on Superannuation (1998) noted that the tax treatment of superannuation is complex. Indeed the Senate Committee even questioned the effectiveness of the existing taxation arrangements due to its complexity. The current tax reform process provides an opportunity to reduce the complexity of superannuation taxation and to establish a system that encourages longer term savings.

It must also be recognised that if, as a result of the tax reform process, savings through superannuation were to become increasingly unattractive, it is likely that superannuation for many employees will be limited to an employer contribution of 9% of earnings (i.e. the long-term SGC minimum). Such a result would have a number of adverse consequences. These would include:

- A reduction in long term savings;
- A corresponding reduction in long term and patient investment;
- Lower retirement benefits;
- A greater reliance on the age pension in the future with increased costs on federal budgets;
- A change in the attitude within the community towards saving for their retirement.

The object of this paper is to ensure that the taxation of superannuation (as well as other forms of savings) form part of the overall taxation reform process. It is too important to be omitted or sidelined. In view of the existing complexity and the involvement of the long term savings of millions of Australians, it is not expected that change will be easy. However, without reform to the taxation of superannuation, the longer term economic consequences may be very significant.

The outline of this paper is as follows. Section 2 briefly outlines the two major approaches to taxing superannuation while Section 3 presents a summary of the existing Australian taxation arrangements and discusses some criteria that can be used to assess the options of reforming the taxation of superannuation. Section 4 presents the details of a particular proposal while Sections 5 and 6 then review the implications of this proposal for Government revenue and individuals respectively. The final section presents some conclusions.

2 The two major approaches to the taxation of savings

There exist two major approaches to the taxation of individuals within an economy.

The first approach is to tax income when it is received but not to tax expenditure. This represents the underlying philosophy of Australia's existing income tax system and is often known as the Comprehensive Income Tax (CIT) model. For example, an individual is subject to tax on all wages and earnings and on all interest income arising from savings, say in a bank account. However, when the savings are withdrawn from the bank for spending, there should be no tax paid under a pure CIT model.

The second approach is to tax expenditure and not income. This may be known as the Expenditure Tax model. Under this approach, an individual is not subject to any tax on his/her savings and any accruing investment income. However, when the savings are withdrawn for spending, taxation is then paid. This approach is adopted by many developed countries for the taxation of their occupational pension systems.

In terms of the taxation of savings, it must be recognised that there exist three points of possible taxation: namely at the time of saving, when investment income is earned and when the accumulated benefit is received. Table 1 highlights the fundamental differences between the two approaches in terms of the taxation of contributions, investment income and benefits for a superannuation system.

Table 1: Alternative approaches to taxing superannuation

System	The taxation of contributions	The taxation of investment income	The taxation of benefits
Income based	Taxed	Taxed	*Exempt*
Expenditure based	*Exempt*	*Exempt*	Taxed
Australia	Some taxation	Some taxation	Some taxation

For reasons that are apparent from the Table 1, the Income based system is often known as a TTE system whereas the expenditure based system is an EET system. As will be shown in the next section, Australia taxes superannuation, albeit at concessional rates, at each of the three stages. For this reason, the Australian system for taxing superannuation could be known as a "ttt" system. That is, full taxation is not imposed at any of the three points but a lower rate of tax occurs at each point. Of course, whether the total set of taxes is concessional or not is difficult to determine and varies between individuals.

As noted above, most developed countries provide a tax deduction for superannuation contributions (i.e. they are exempt), do not tax the investment earnings of pension funds (i.e. exempt) but then tax the resulting benefits. This is consistent with the expenditure approach.

In terms of a system that is designed to accumulate assets over many years and then provide retirement income, the expenditure approach has a number of advantages (see IAA, 1994 and SSC, 1998) including:

- Taxation is only calculated when benefits are payable to an individual and not beforehand;
- It is more equitable to tax the benefits when they are received, rather than earlier, as the appropriate level of taxation and the extent of any desired progressivity can then be implemented. This is difficult to implement in advance;
- It provides incentives for individuals to contribute as no taxation is immediately paid on savings;

- The absence of a tax on investment income provides savers with the full investment return and will therefore result in larger benefits. This should, in turn, reduce future age pension outlays;
- Similar tax treatment is accorded to all individuals who may be members of a range of different types of superannuation funds, as taxes are only paid when benefits received;
- It is much simpler as there is only one point of taxation; and
- The deferral of taxation until benefits are received will increase the future tax base, which represents an advantage as the population ages.

Although there are many advantages in the expenditure approach, it must also be recognised that it represents a deferral of tax. In many cases, this can also result in a significant reduction in tax, as the tax rates applying in retirement are often lower than during the working years.

The actual incentive effects of a tax-deferral system on the level of national savings are controversial. Whilst FitzGerald (1996), in summarising the evidence, suggests that there are some positive effects in terms of the level of personal savings, it is also necessary to consider the effect on public sector savings, both in the short and longer terms. In the short term, the effect on public saving will be negative due to the deferral, whilst in the longer term, the effect will be influenced by the investment rates of return, the actual tax rates applied to the benefits and the impact on future age pension expenditure. This latter item is particularly difficult to estimate in Australia, where the superannuation and age pension systems are not integrated in any rational manner. Hence, in summary, while an expenditure approach has many advantages, its long term effect on national savings is uncertain and there is no doubt that, in the short term, it would result in a reduction in public sector saving. Therefore, with these limitations in mind, this paper does not advocate that a pure expenditure approach should be adopted.

Prior to the changes announced in 1988, the Australian taxation system for superannuation was consistent with the expenditure approach, except for the treatment of member contributions. However, in 1988 a tax on investment income was introduced and the taxation on deductible contributions was brought forward from the point of benefit payment to the point of contributions. This hybrid system was further complicated with the introduction of the surcharge from August 1996.

Before turning to the actual taxation of superannuation in Australia, it needs to be noted that saving through a superannuation arrangement imposes a restriction on the accessibility of these funds by the individual member. Hence, if long term and preserved savings are to be encouraged for future retirement benefits, it is suggested that the taxation imposed on these savings should be less than on other forms of savings, which remain accessible to the member. In other words, some taxation support is needed to offset the lack of accessibility. Of course, whilst the actual level of this support may be debated, the absence of any incentive is likely to result in limited voluntary superannuation.

3 The taxation of superannuation

The current system for taxing superannuation in Australia can be briefly described as follows:

- All contributions from employers and tax deductible contributions from the self employed are taxed at 15% when received by the superannuation fund, with deductions allowed for insurance, administration and other costs;
- A surcharge of up to 15% on contributions for high income earners (i.e. for those with adjusted taxable incomes higher than $73,220 in 1997-98) is payable by the fund; Contributions by employees are paid from taxed income, although there is a very restricted income tested rebate (maximum value $100 pa);
- Investment income is taxed at 15%, with offsets for imputation and other credits, although investment income in respect assets for pensions in payment are exempt;
- Lump sum benefits (post 1983) are taxed at three levels (0%, 16.5% or 48.5%) but the taxable benefit excludes contributions that have not received a tax deduction;
- Pension benefits are taxed at the pensioner's marginal tax rate with a 15% rebate on pensions and annuities, if within the Reasonable Benefit Limit;
- A new savings rebate on personal superannuation contributions and investment income arising from all forms of savings was announced in the 1997-98 Federal Budget.

From this brief review, it is apparent that contributions from different sources are taxed in different ways and that different forms of benefits are also subject to different taxation treatment. In short, it is a hybrid system that has no clear rationale and has been adjusted on a regular basis for, in most cases, short term political and/or revenue gain. In addition, most of the tax rates are level which raises the important issue of equity, particularly within a personal taxation system that incorporates progressivity as an important principle.

In view of the context of overall taxation reform, it is essential that that the existing complex system for the taxation of superannuation be reviewed. The following statements provide an initial base for this discussion.

- The current taxation arrangements for superannuation are very complex, poorly understood, and require simplification in line with the Government's overall criteria;
- A reduction in income tax rates will change the relative attractiveness of different forms of saving and this will require adjustments to the taxation of superannuation, if it is to remain attractive for voluntary savings;
- The introduction of the surcharge is not broadly supported but it is noted that Government strongly supports it for both equity and revenue reasons. Hence, any change to remove the surcharge is unlikely to be accepted unless the equity implications of any new proposal are similar;
- Notwithstanding the advantages of the expenditure model, it is unlikely that the Government will readily accept a major reduction in the level of revenue received from superannuation;
- The overall tax reform process is not being driven by any desire for a comprehensive retirement income policy. However, any tax reform decisions in respect of superannuation must be sympathetic towards the subsequent development of a long term and sustainable retirement income policy, incorporating the age pension, superannuation and other forms of saving.

Before proceeding to a particular proposal, the following criteria are suggested as suitable to assess any revised system for taxing superannuation. Some of these criteria are applicable to all aspects of the tax system whereas others have a focus on the provision of retirement benefits.

- It must be *simple, transparent and understood* by members – the current taxation system for superannuation is not!
- It should be *efficient* to administer – the current system, especially the administration of the surcharge, is not!
- It must be *perceived to be equitable* between individuals within one generation and between generations. Of course, equity is difficult to prescribe but improved equity is an important consideration and this includes a fair distribution of the taxation support to encourage voluntary savings;
- It should *encourage long term savings* and the long term investment of these savings;
- It should encourage the development of a *sustainable long term retirement income policy*, including pensions and annuities. Whilst it has been noted that this criterion is unlikely to be a strong motivating force within the current tax reform process, it is important that decisions are not made that detrimentally affect the capacity to make the most appropriate longer term decisions in the area;
- The tax system (in total) must be sufficiently *robust* to cope with the financial effects of an ageing population and the changing labor markets, without requiring further fundamental changes;
- Any reform is unlikely to succeed unless it *maintains the current level of revenue* obtained from superannuation. Hence, the simple replacement of the taxes on contributions by taxes on future benefits is not considered to be a feasible option;
- Finally, any *transitional problems* must be simple. Superannuation savings are long term and a seemingly simple change can cause major intergenerational inequities or complex transitional problems.

4 A proposal for reform

The following set of proposals for taxing superannuation attempt to satisfy the above criteria whilst also developing from the existing hybrid system for taxing superannuation. Of course, the exact size of some of the changes will depend on other changes arising from the tax reform process. Nevertheless, this proposal indicates what is possible.

In general terms, the following package of changes are proposed.

- *Immediately reduce the tax rate* on employer or deductible contributions (while maintaining access to the current deductions such as insurance costs) from a rate of 15% to a rate between 10% and 13% and then to further reduce this tax rate as the revenue from other sources within the superannuation system increase;
- *Immediately abolish the surcharge;*
- *Immediately increase the tax rate* on investment income from 15% to 20% whilst maintaining access to the existing imputation credits and deductions. This tax rate should not exceed the lowest personal income tax rate;
- *Gradually increase the tax rate* on post 1983 lump sum benefits in excess of $250,000 (that is, about half the lump sum RBL) from 15% to 30% over a 15 year period;
- *Maintain the 15% rebate* on pensions and annuities to encourage retirement incomes;
- *Review the details of the savings rebate* to improve its focus and effectiveness.

The advantages of this proposal include:

- An incentive for individuals to receive employer or deductible superannuation contributions as the immediate tax rate on such superannuation contributions is lower than the marginal tax rates for all individuals, even if marginal tax rates were to be reduced;
- The immediate increase in revenue from the higher tax on investment income will finance the abolition of the surcharge plus a reduction in the tax on contributions, thereby maintaining the current level of revenue from superannuation;
- The higher tax rates on larger lump sum benefits will introduce more equity into the system and thereby achieve a primary purpose of the surcharge;

- The continuation of the pension rebate, together with the higher taxes on lump sum benefits, can be used to encourage retirement income products and a more sustainable retirement incomes policy;
- The increase in the revenue received from investment income (as the assets of superannuation funds continue to increase) will permit a continuing reduction in the level of the tax rate on contributions and a stronger focus on the tax on benefits;
- This proposal will ensure that superannuation remains attractive for most savers, when compared to other forms of savings. As mentioned earlier, some form of tax support is needed to offset the disadvantage of the non-accessibility of superannuation;
- The new savings rebate is poorly targetted and it is suggested that there should be a clearer focus of its objectives. A review, including the application of some means testing of the rebate, could improve the equity of the total system as well as encouraging long term savings;
- It is not retrospective. The higher tax rate on investment earnings applies from the date of change and only applies to future investment earnings. The higher lump sum taxes can be phased in over several years so that the value of existing accrued benefits is not affected;
- There are no requirements for any transitional arrangements. Previous changes to the superannuation tax system have led to a range of conditions to protect members and their accrued benefits. As these “grandfathering” arrangements continue to exist for several decades, the complexity increases with each set of changes.

Finally, the proposal suggests a gradual shift of taxation from contributions to benefits and therefore incorporates a number of the advantages of the Expenditure Tax model. However, it is also acknowledged that tax on investment income is inconsistent with this approach. Notwithstanding this disadvantage, superannuation will remain attractive for many investors as the net rate of investment earnings from the superannuation funds is likely to exceed the rate obtained on their personal savings

In terms of the criteria suggested earlier, the following is noted.

- *Simplicity and transparency* – no proposal will be perfect, given the complex starting position, but the abolition of the surcharge will make administration much simpler and cheaper;
- *Efficiency* – this must be improved with the abolition of the surcharge. Differing rates of tax for investment income and contributions will add some administrative issues in terms of defining tax deductions for the funds, but the overall result will be greater efficiency;
- *Equity* – One of the reasons given for the surcharge is to improve the equity of the distribution of the tax concessions provided to superannuation. As noted in Section 2, it is preferable to improve equity with changes to the tax rates on the benefits received rather than in respect of the level of annual contributions, which can vary considerably during a lifetime;
- *Encouragement for long term savings* – A reduction in the tax rate on contributions is likely to provide greater encouragement for longer term savings, which is particularly important in the context of lower personal income tax rates;
- *Encourage a sustainable retirement incomes policy* – An emphasis on pensions and a gradual increase on the taxes paid in respect of higher lump sum benefits will encourage a better income-based policy;
- *Robustness* –The tax revenue base is more sustainable over the longer term if the taxes are concentrated on the benefits and investment income and not on the level of annual contributions;
- *Revenue* – As shown in the next section, the level of current revenue from superannuation is maintained under this proposal;
- *Simple transition* – These changes could be introduced immediately with no transitional issues. The surcharge is immediately abolished, taxes on deductible contributions are decreased, the tax rate on investment income is increased and the tax rate on the post 1983 component of larger lump sum benefits is gradually increased.

The desire to adopt some of the advantages inherent in the Expenditure approach to the taxation of savings whilst maintaining the current level of revenue represents a major difficulty in any reform of superannuation taxation. This proposal has achieved this goal by reducing the tax on contributions and increasing the tax on investment income, but to a level that is no higher than the lowest marginal personal income tax rate.

An alternative approach is to remove the tax on investment income and increase the tax rate on contributions as proposed by IFSA (1998). However this would require a tax rate on contributions that would be similar to, or higher, than the lowest marginal tax rate. It is argued that such a tax rate on contributions would provide very little incentive for voluntary contributions. Of course, it could be argued that the higher taxes on contributions could be used to offset future taxes on the benefits received by the individual. However, this alternative has many difficulties including long term stability in the taxation policy, long term record keeping, indexation issues and even the likelihood of tax credits at retirement. It would also introduce complex "grandfathering" arrangements. Hence, this approach is not advocated.

On the other hand, a lower (or preferably zero) tax rate on contributions provides an immediate incentive for voluntary contributions. It is acknowledged that this proposal means a higher tax rate on investment income, which, in turn, reduces the rate of investment return. However, assuming that superannuation funds are invested in wholesale capital markets, it is reasonable to expect that most low-middle income investors will receive a rate of investment return that is higher than they could achieve on an individual basis. Hence, superannuation will remain an attractive form of voluntary savings.

5 The impact on Government revenue

As mentioned above, it is suggested that the Government will expect to receive similar revenue in respect of superannuation after the tax reform process. The 1997-98 federal budget estimated revenue of $2,490 million from superannuation funds including the surcharge.

One estimate of the breakdown of this total, based on the current size of the industry, can be represented as follows:

15% tax on contributions less deductions	$1480 mill
15% tax on investment income less deductions and credits	$840 mill
Surcharge	$360 mill
Total revenue	$2680 mill

Four comments are worth making.

First, this estimate is $190 million higher than the 1997-98 budget estimate. However as the actual revenue received in 1996-97 was $2450 million, before the introduction of the surcharge, it is reasonable to estimate a higher figure. Indeed, even the budget papers noted that their estimate was uncertain.

Second, market movements do not immediately affect the revenue received from the tax on investment income. Whilst provisions for the tax on unrealised capital gains are made in the fund's accounts, there is no tax payable until the gain is actually realised. Hence, the tax from investment income is more stable than the market values.

Third, the estimated revenue from the surcharge is less than in the 1996-97 budget. In view of the many difficulties associated with the surcharge, even this lower figure may be an overestimate.

Fourth, some observers (eg IFSA) have advocated the abolition of the tax on investment income. Based on these estimates, this would require an increase in the tax rate on employer contributions from 15% to about 22-24%, which is in excess of the existing lowest marginal tax rate. Furthermore, the required rate would need to rise in future years to offset the loss of the expected growth in taxes from investment income.

As the assets of superannuation funds continue to grow, it is reasonable to expect that the tax on investment income will increase steadily while the tax on contributions and the surcharge will increase much more slowly. One estimate of the revenue for 1999-2000 (which is the earliest year that tax reform could be introduced) is as follows:

15% tax on contributions less deductions	$1720 mill
15% tax on investment income less deductions and credits	$1230 mill
Surcharge	$400 mill
Total revenue	$3350 mill

The above proposal is to increase the tax rate on investment income to 20%, reduce the tax rate on contributions and abolish the surcharge. This has the following results for 1999-2000:

13% tax on contributions less deductions	$1490 mill
20% tax on investment income less deductions and credits	$1870 mill
No Surcharge	-
Total revenue	$3360 mill

It should also be recalled that the new non-means tested savings rebate will cost $1370 million in 1999-2000 and $2040 million in 2000-01. The application of this rebate must be included as part of any tax reform process. In terms of personal superannuation contributions, one option is to introduce some form of means testing for that component of the rebate. A number of scenarios are then available.

For instance, if the means testing were to save $340 million in 1999-2000 (25% of the total cost in that year or 17% in 2000-01) the tax rate on deductible superannuation contributions could be reduced to 10%. The total package would then comprise a contributions tax rate of 10%, no surcharge, and a reasonably generous means tested rebate on personal contributions. This would make voluntary superannuation much more attractive for many Australians and provide a greater encouragement for long term savings. As such, it would represent an important contribution in changing the savings culture within Australia.

6 The impact on individual members

As with any proposed change, it is important to compare the current system with the proposal. The following comparisons are based on the major differences outlined in Table 2.

Table 2: A summary of the current and proposed arrangements

Item	**Current**	**Proposal**
Contributions tax	15%	10%
Surcharge	15% (where applicable)	Nil
Investment tax (net) [1]	7.5%	12.5%
Lump sum tax [2]	0%/16.5%/48.5%	0%/16.5%/31.5%/48.5%

Notes

1 The net investment tax rates of 7.5% and 12.5% respectively allow for the benefits of imputation and other credits.

2 The lump sum tax rates are increased by 1.5% to allow for the current Medicare levy.

For this comparison, it is assumed that an individual employee will receive an SGC employer contribution of 9% of earnings (i.e. the long-term SGC rate) during their working career. For simplicity and due to the uncertainty relating to the savings rebate, personal contributions will be ignored. Three individuals with different earning patterns are considered. They are:

Person A – This person will receive average wages for the whole period.

Person B – This person will receive slightly above average wages for 25 years and then very high wages for 15 years and will therefore be subject to the surcharge for the last 15 years.

Person C – This person will receive very high wages throughout and will therefore be subject to the surcharge for the full period.

Table 3 shows the percentage changes in the after tax lump sum benefit, after allowing for the changes shown in Table 2. Two terms of 20 and 40 years have been shown, as it is expected that many individuals will not work for 40 years. Further, many employees have only received superannuation since the introduction of the SGC or award superannuation and will therefore not receive 40 years of contributions.

Table 3: The change in the after tax lump sum benefits, based on the proposal

Person (income) Term	20 years	40 years
Person A (average)	+1.5%	-7.2%
Person B (above Þ very high)	+1.4%	-3.8%
Person C (very high)	+1.5%	-2.5%

The results in Table 3 suggest the following conclusions:

- Over a 20 year period, all members will be better off, but the advantage is not large;
- Over a 40 year period, all members have a decrease in their net benefits if they take lump sums, due to the higher taxes on lump sum benefits. However, there remains an option to take pensions and thereby avoid these higher taxes;
- As noted, many individuals will not work full time for 40 years and therefore there is a relative improvement for part timers and many women.

These figures suggest that the proposals outlined in this paper do not radically change the distribution of superannuation benefits, after allowing for the effects of tax. However, it is also suggested that the relatively small shifts that exist are in the right directions. That is, those with shorter working careers receive a slightly improved benefit and there is an incentive for pensions.

The above proposals relate to funded superannuation arrangements only. Unfunded superannuation has not been considered. However similar changes could be made to the taxation of these benefits. For instance, the tax of an unfunded benefit could be adjusted so that there is no difference in the net benefit received between a contribution paid to a funded superannuation arrangement at retirement and the payment of an unfunded benefit on the same day.

7 Conclusions

There is no doubt that the current Government is keen to pursue significant taxation reform. In view of the significant structural, ageing and labor market changes occurring within the Australian community, there is a desperate need for a more robust, efficient and transparent taxation system that is appropriate for the next century.

It is likely that this will mean less reliance on revenue from income taxes and more reliance from a broader set of other taxation measures. Yet superannuation is primarily taxed as income. There is currently a tax on the fund’s income when contributions are paid, a tax on investment income when received by the fund and another tax on the benefits when received by the member. A significant change in the overall tax mix within Australia means that the taxation of superannuation must also be reviewed within this context.

Assuming a reduction in the rates of personal income tax, the existing combination of tax at these three stages of superannuation means that voluntary superannuation will become less attractive to many Australians. In fact, some individuals are already moving away from voluntary superannuation due to its limitations, high taxes and political uncertainty.

This trend will continue unless it is clear that superannuation, in excess of the compulsory component, remains an attractive long-term investment.

This paper has suggested one way forward. Whilst the actual tax rates will depend on other decisions within the tax reform process, the recommended direction is clear. It involves:

- Reducing the rate of tax on employer and tax deductible contributions to improve the immediate attractiveness of superannuation;
- Abolishing the surcharge to improve efficiency, reduce administration costs and simplify the system;
- Increasing the rate of tax on investment income to a level that is no higher than the lowest marginal rate of income tax;
- Increasing the rate of tax on larger lump sum benefits to improve equity and encourage income streams; and
- Reviewing the application of the new savings rebate. This rebate is poorly targetted, does little to encourage savings and should not be introduced in its current form. Rather the funds set aside to provide the rebate can be used to provide greater equity through some means testing and to encourage savings.

Tax reform is never easy. There are different objectives and many agendas. It is right and proper that a range of alternative are presented and discussed. The objective of this paper is to raise an alternative approach to the taxation of superannuation that will have positive macro economic effects and encourage the development of a sustainable and rational policy towards the funding of retirement incomes. In terms of the Australian community in the next century, this must remain an important objective.

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