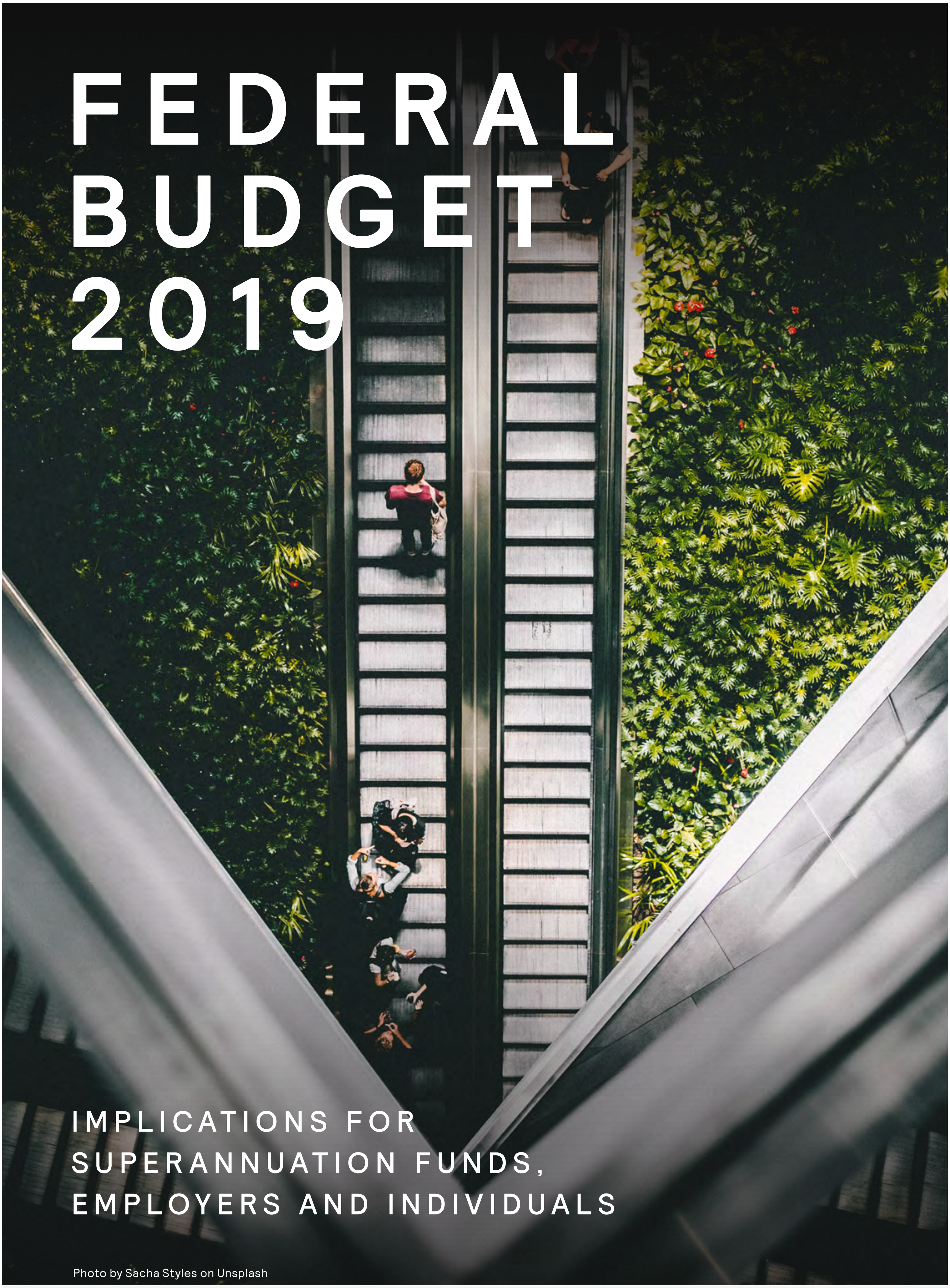


FEDERAL BUDGET 2019

IMPLICATIONS FOR SUPERANNUATION FUNDS, EMPLOYERS AND INDIVIDUALS

Photo by Sacha Styles on Unsplash

MAKE TOMORROW, TODAY

MERCER

2019 FEDERAL BUDGET

THE BUDGET IN DETAIL

SUPERANNUATION/ RETIREMENT

PAGE 7

AGED CARE INITIATIVES

PAGE 14

IMPLICATIONS FOR AUSTRALIA'S WORKFORCE

PAGE 16

HEALTH INITIATIVES

PAGE 18

Visit us at
mercer.com.au/federal-budget

Email
contact.australia@mercer.com

THE BUDGET IN REVIEW

The Government has delivered a Budget with a slim surplus and increased expenditure across a range of areas thereby setting the scene for the forthcoming election in May.

The increased revenue from ongoing bracket creep together with higher royalties from iron ore and coal has enabled the Government to promise increased tax cuts for low and middle income earners as well as a range of new programs and measures with a significant focus on infrastructure, as well as health and education.

The Budget introduces a small number of positive superannuation measures including greater flexibility in contribution rules for superannuation fund members aged 65 and over; permanent capital gains tax relief for merging superannuation funds; and increased funding for the Australian Taxation Office (ATO) to ensure on-time payment of superannuation and tax liabilities by larger businesses and high wealth individuals. In addition, there is further funding for both APRA and ASIC following the Hayne Royal Commission's findings. Overall, these changes should deliver a more efficacious superannuation industry.

Superannuation and Retirement changes

- The age where the Work Test applies for super contributions to increase from 65 to 67.
- The age limit for spouse contributions to increase from 69 to 74.
- Funding measures relating to Hayne Royal Commission recommendations.
- Permanent tax rollover relief for merging superannuation funds.
- Inclusion of release authorities in the SuperStream rollover standard and a delay in extending SuperStream to SMSF rollovers.
- Simplifying rules for claiming tax exemption on pension earnings.
- Increased funding for ATO activities to recover unpaid tax and superannuation liabilities.

Personal tax changes

The Government has extended the personal income tax cuts announced in last year's Budget, which will continue to be implemented in three stages:

- An immediate increase in the non-refundable tax offset for low and middle income earners (applicable from 2018-19 to 2021-22). From 2018-19, the maximum offset of $1,080 (increased from $530) will apply for individuals with taxable incomes between $48,000 and $90,000. Lower rates will apply for those within the broader range of $37,000 to $126,000.
- From 1 July 2022 (to coincide with the tax offset ceasing), the 19% top threshold was planned to increase from $37,000 to $41,000, but will now increase to $45,000. The low income tax offset which was planned to increase from $445 to $645 will now increase to $700.
- Further tax bracket changes will apply from 2024-25:
  - The 37% tax bracket will be removed (as previously planned)
  - The 32.5% tax bracket will be reduced to 30%
  - All individuals earning between $45,000 and $200,000 will have a marginal tax rate of 30%

Aged care initiatives

- A record $21.6 billion spend in 2019-20 on Australia's aged care system. Whilst sounding impressive this is a natural occurring increase due to Australia's ageing population.
- Under the Medical Research Future Fund, there will be $185 million (from 2018-19 to 2028-29) to establish a Dementia, Ageing and Aged Care Mission.
- $84.3 million (over four years) allocated to expand the Integrated Carer Support Service.

Investment initiatives

- No significant announcements

Employment initiatives

- Upgrades to the vocational education and training (VET) sector which aim to address not only current skills shortages, but provide a platform to be more responsive to skills shortages as a result of future changes in the labour market.
- Skills Organisations pilots across the country in the key areas of human services care and digital technologies including cyber security.
- A commitment to deliver up to 80,000 new apprentices over five years in occupations experiencing skill shortages through the introduction of an Additional Identified Skills Shortage Payment.

Health initiatives

- Ending the freeze on indexation of Medicare rebates a year earlier than planned.
- Increasing the rebate on 119 GP services from 1 July 2019.
- Indexing diagnostic imaging items on the Medicare Benefits Schedule (MBS) and providing increased funding for over 14,000 breast cancer patients a year by reducing the cost of MRIs.
- Adding new drugs to the Pharmaceutical Benefits Scheme (PBS), including life changing medicines to treat lung, bladder, kidney and skin cancer, and leukaemia.
- Increasing funding for mental health disorders with an emphasis on indigenous and young Australians.
- Providing increased funding to encourage Australians to increase their participation in sport and to upgrade sporting infrastructure.

ECONOMIC OVERVIEW

The 2019 budget extends the broad strategy of the previous budget, enhanced by the benefits of a budget baseline that has again turned out to be somewhat better than expected.

In this election year, the government's strategy is fairly straightforward: broad-based tax relief, boosting infrastructure spending, and at the same time returning the budget to sustainable surplus. Commendably, and consistent with the government's medium-term budget framework, pre-election spending initiatives continue to be funded primarily from other budget savings.

In 2019/20, however, rapidly improving company tax revenues (via strong commodity prices and the terms of trade) and weaker underlying expenditure growth (a combination of slower take-up of certain social assistance schemes and lower public debt servicing costs), together have allowed the government to:

- immediately provide further tax relief for low- to medium-income earners;
- propose a further flattening and simplification of the income tax system (and ameliorate the continued impact of bracket creep); and
- fast track company tax cuts for small businesses.

Infrastructure spending over the next ten years also gets an additional boost.

In the meantime, the government is able to announce the first surplus in 12 years ($7.1 billion or 0.4% of GDP), even higher than the most recent forecast in December 2018 ($4.1 billion). The surpluses average 0.6% over the following three years, and net debt continues to decline (from a recent high of 19.2% of GDP in 2018/19 to an estimated 14.4% in 2022/23).

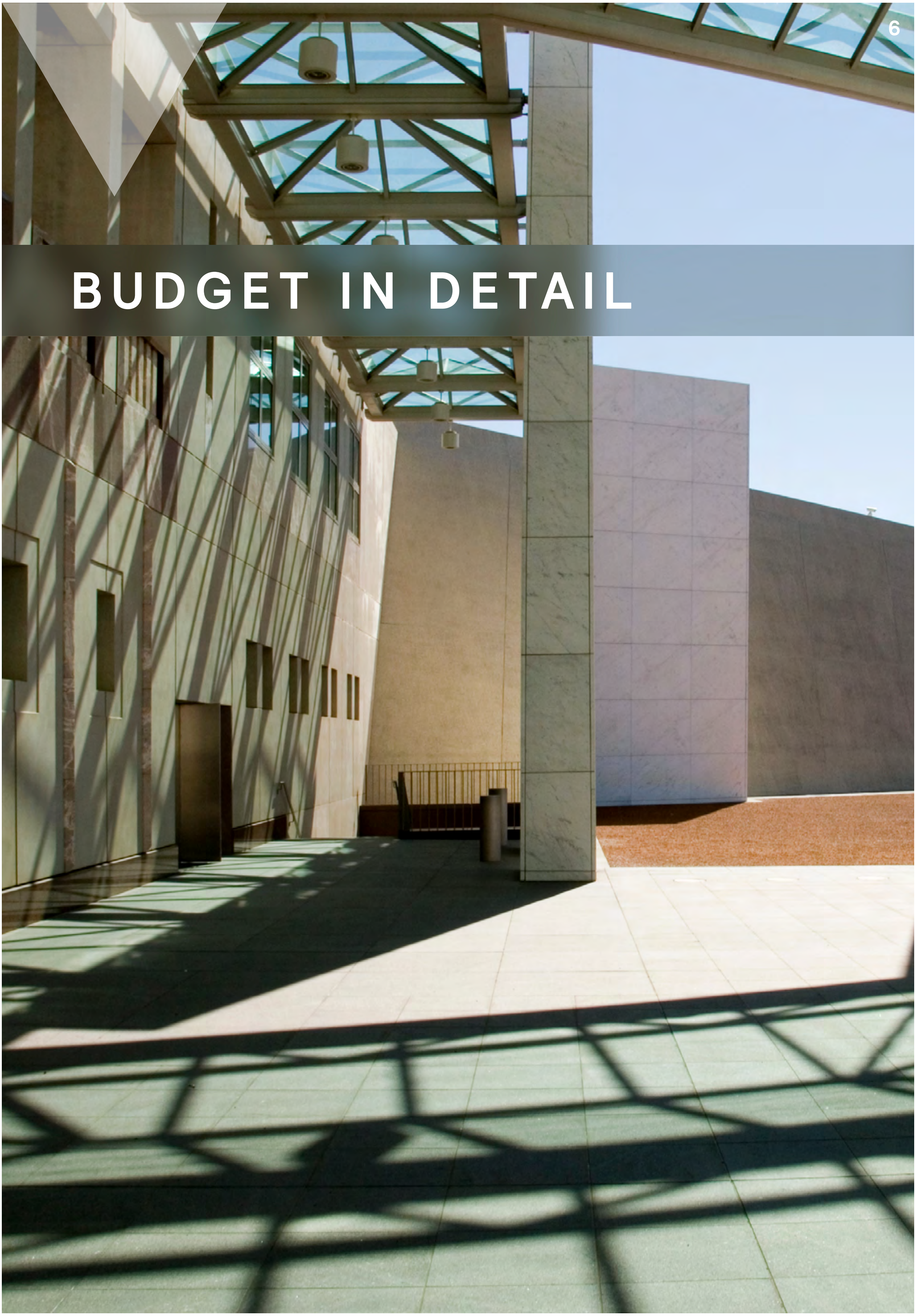
Moreover, the economic forecasts underpinning the budget appear reasonable: the government adopting more conservative forecasts for GDP growth (just 2.75% in each of the next three years); unemployment (not expected to fall below 5.0% over the forecast horizon); and wage growth (only slowly rising to a little over 3.0% in 2020/21). The GDP forecasts acknowledge the significant challenges confronting the housing sector, while the terms of trade are expected to moderate again from 2020/21.

Indeed, against the uncertain international and domestic growth outlook, the combination of tax cuts and infrastructure spending arguably represent a judicious dose of fiscal stimulus. Initial tax relief is targeted at low income earners, among whom the propensity to consume is relatively high, while infrastructure spending has potential benefits in the form of high fiscal multipliers and contributing to enhanced labour productivity growth. From all of the above perspectives, the budget should be received favourably by financial markets.

ECONOMIC OVERVIEW cont.

The cost, however, is that the process of medium-term budget consolidations appears as fragile as ever, and vulnerable to a more challenging external environment. Despite the favourable economic window, the government clearly has little appetite to build surpluses to over 1.0% of GDP "as soon as possible" (another aspect of the government's medium-term budget framework). Moreover, this mix of tax relief and infrastructure spending appears to have weakened the structural component of the budget in the short-term. Without a return to a higher tax structure, the projected 'make-up' in the out-years remains contingent on ongoing expenditure restraint.

BUDGET IN DETAIL



SUPERANNUATION AND AUSTRALIA'S RETIREMENT SYSTEM

INCREASED CONTRIBUTION FLEXIBILITY FOR OLDER AUSTRALIANS

From 1 July 2020, the Work Test will only need to be met for voluntary superannuation contributions after a member turns 67 – currently the Work Test must be satisfied once a member turns 65. This change is being made to provide greater flexibility for those nearing retirement to boost their retirement savings and will align the Work Test with the eligibility age for the Age Pension, which is scheduled to reach 67 from 1 July 2023.

There is no change proposed to the "Work Test" definition, which requires individuals over the relevant age to work a minimum of 40 hours over a 30 day period in a financial year in order to be eligible for voluntary contributions (both concessional and non-concessional) to super in that year.

In addition, the age limit for spouse contributions will increase from 69 to 74 years to align with the eligibility conditions on other types of voluntary contributions (other than Downsizer contributions which are exempt from the Work Test and can be made at any age from age 65).

To streamline these tests, individuals aged up to 66 will also be able to make up to three years of non-concessional contributions under the bring-forward rule. We expect this will mean that those turning 67 (currently 65) in a financial year will be able to access the bring-forward rule in that year – provided they satisfy the Work Test if contributing after reaching age 67 (currently 65), or qualify for the recent retiree work test exemption that applies from 1 July 2019.

There were no other changes announced to superannuation contributions rules, taxation of contributions or rules around superannuation benefit payments.

Mercer's View

Mercer supports the increased flexibility for those in or nearing retirement to boost their super that will be provided by aligning the maximum age for voluntary contributions to super without working to the Age Pension eligibility age.

Aligning the age limit for spouse contributions with the age for most other voluntary contributions is welcome from both a simplicity viewpoint and providing greater opportunities for superannuation funding for couples at these ages.

Impact on super fund trustees

If legislated, trustees will need to update disclosure material, fact sheets and registry systems to accommodate the changes. It may reduce some activity around administering the work test rule for members aged 65 and 66.

Impact on employers

Nil.

Impact on individuals

The changes will allow greater flexibility in funding for retirement using superannuation, particularly for couples wanting to re-balance the proportion of their superannuation held by each.

PERMANENT TAX ROLLOVER RELIEF FOR MERGING SUPERANNUATION FUNDS

The government will make permanent the current tax relief available to merging superannuation funds that allows funds to transfer revenue and capital losses to a new merged fund, and defer tax consequences of gains and losses from revenue and capital assets.

Temporary relief has been in place (with several renewals) since December 2008 and is currently set to expire on 1 July 2020.

Mercer's View

Mercer endorses the decision to permanently remove this potential barrier to fund mergers, thereby encouraging consolidation of superannuation funds to improve efficiencies and lead to better member outcomes.

Impact on super fund trustees

Trustees will be able to consider fund mergers without being concerned that members will be negatively affected from a tax viewpoint.

Impact on employers

The change will remove a potential impediment to restructuring of employer-sponsored super arrangements.

Impact on individuals

Members can be confident that their balances are not affected by tax when funds merge and that adverse tax consequences will not inhibit mergers that would otherwise be beneficial.

INCLUSION OF RELEASE AUTHORITIES IN SUPERSTREAM ROLLOVER STANDARD

Funding will be provided to the ATO to enable it to send electronic requests to superannuation funds for the release of money required under a number of superannuation arrangements.

This will take effect from 31 March 2021 by expanding the SuperStream rollover standard currently used to transfer information and money between employers, superannuation funds and the ATO.

The start date for rollovers to and from Self-Managed Superannuation Funds will be delayed to 31 March 2021, from November 2019, to align with the expansion of the SuperStream rollover standard.

Mercer's View

Including the Release Authorities in the SuperStream regime will enable these to be processed in a timelier and more efficient manner. Mercer has been involved in consultation with the ATO on this change and we are pleased to see this announcement. We await the detail to see if this also covers Notices from the ATO to super funds on early release of super under Compassionate Grounds (currently administered by the ATO) and Notices about Financial Hardship, should the assessment process move to the ATO as proposed in a recent Review of the Early Release of Superannuation benefits consultation conducted by Treasury.

Impact on super fund trustees

The change should improve efficiencies and reduce costs in the administration of the release authorities.

Impact on employers

Nil.

Impact on individuals

Individuals should benefit from the more efficient release of funds.

HAYNE ROYAL COMMISSION RECOMMENDATIONS – FUNDING MEASURES AND IMPLICATIONS

The government announced a series of funding measures to build on its commitment to take action on all 76 recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry conducted by Commissioner Hayne (Hayne Royal Commission). Those measures include:

- Over $400 million to ASIC over four years comprising:
  - $146m to undertake an accelerated enforcement approach to support its new "why not litigate" strategy where breaches of the law are detected;
  - $63m for enhanced onsite supervision of large financial institutions; and
  - $70m to deliver on its expanded mandate as primary superannuation conduct regulator including a focus on underperforming funds and compliance with the "best interests" duty.
- $152 million to APRA to strengthen its supervisory and enforcement activity with:
  - $117m of that funding earmarked to support APRA's response to key areas of concern highlighted by Commissioner Hayne including:
    - governance;
    - culture; and
    - remuneration.
  - $34m to extend the Banking Executive Accountability Regime (BEAR) to all APRA-regulated entities including super funds and insurance companies.
- $7.7m to establish a regulator of the regulators – an independent Financial Regulator Oversight Authority to review and report on APRA and ASIC's effectiveness;
- $2.8m extra to the Australian Financial Complaints Authority (AFCA) to enable it to review and determine eligible financial services complaints (including super but excluding death benefit beneficiary disputes) dating back to 1 January 2008 that have not been previously determined by a Court or Tribunal;
- $2.3m extra to the Superannuation Complainants Tribunal to assist it in clearing up its outstanding complaints before its scheduled cessation, which has been pushed out by 6 months to 31 December 2020;
- $11.2m to establish a Financial Services Reform Implementation Taskforce within Treasury charged to implement the Hayne Royal Commission recommendations "quickly and effectively";
- $0.1m for feasibility work on options for establishing an office of Superannuation Consumer Advocate to provide input to government policy consultations on behalf of consumers and to educate and assist consumers in navigating the system;
- $35m to establish a criminal jurisdiction of the Federal Court dedicated to hearings of financial sector misconduct prosecutions.

The government has already legislated (or has moved to legislate) on several key measures recommended by the Hayne Royal Commission that will fundamentally alter the exposure for Trustees and Trustee directors under the law. Of particular significance are:

- the proposed introduction of new and significant civil penalty provisions in relation to breaches of the statutory covenants under SIS, including the best interests duty and civil penalty and criminal actions under the Corporations Law; and
- the enactment of new Whistleblowers' legislation (the Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019) with a positive requirement on Trustees to establish and implement a dedicated Whistleblowers policy within a six month transition period.

Mercer's View

Given these measures and ASIC's new "why not litigate" edict of enforcement, it is only a matter of time before we see the new laws tested in court. In the meantime, in addition to reviewing their governance, risk and compliance frameworks in light of the findings of the Hayne Royal Commission, trustees should also be reviewing their current position if a significant breach occurs (having regard to available defences based on due diligence conduct, existing indemnity rights and any professional indemnity insurance policies they hold) to understand the extent and limits of any coverage and their exposure as a trustee and as individual directors under these new laws.

This new enforcement-orientated environment (with its greater weighting to prosecution to establish deterrence to regulate conduct) and the significant penalties and greater personal exposure that can now arise (even for non-criminal conduct that fails to meet the legal standards required) may inhibit recruitment of suitably qualified directors in the future.

OTHER SUPERANNUATION-RELATED CHANGES

- ***Simplifying rules for claiming tax exemption on pension earnings:***
  - From 1 July 2020, super funds with interests in both the accumulation and retirement phases during an income year can choose their preferred method for calculating exempt current pension income (ECPI). This measure will primarily affect trustees of self-managed superannuation funds (SMSFs) who in some cases are currently required to use the more complex segregated method when they would prefer to use the unsegregated (proportionate) method. We assume the change will allow trustees to return to the past industry practice of applying the proportionate method where the fund has had interests in only the accumulation or retirement phase for part of the year, which the ATO recently ruled was incorrect.
  - Also the requirement for superannuation funds to obtain an actuarial certificate when calculating the ECPI using the proportionate method, where all members are in the retirement phase, will be removed.
  - Both these changes are welcome. Ideally both would be backdated to 1 July 2018.

- ***Changes to Choice in Australian Defence Force Superannuation Scheme:***
  The Government will extend Australian Defence Force Superannuation Scheme (ADF Super) membership eligibility to allow ADF Super members to choose to remain contributory members when they discharge from the Australian Defence Force. It is likely that this change will align superannuation arrangements in ADF Super with those of The Public Sector Superannuation Accumulation Plan (PSSap) which is open to current and former employees of the Australian Government and other participating employers. The Budget Papers do not indicate a start date for this measure, and it does not have an impact on budget revenue.

- ***Increased funding to the ATO to increase activities to recover unpaid tax and superannuation liabilities:***
  These activities will focus on larger businesses and high wealth individuals to ensure on-time payment of their tax and superannuation liabilities. The measure will not extend to small businesses.

ACCOUNTING FOR THE PROTECTING YOUR SUPER PACKAGE CHANGES

The Budget did not include any announcement of further changes to the content of the Government's Protecting Your Super package but does include recognition of the revenue impact of the amendments to the package made prior to its passage, as well as the pushing out of the proposed commencement date of the unpassed elements of the package from 1 July 2019 to 1 October 2019.

Further background is provided below.

In last year's budget the government announced its Protecting Your Super package. The amended package which was passed in February this year included the following measures effective from 1 July 2019:

- ***Fee restrictions:***
  A 3% cap on administration and investment fees (including indirect costs) charged on superannuation accounts with balances of less than $6,000 and a ban on exit fees.

- ***Insurance restrictions on inactive accounts:***
  Requiring insurance to be provided on an opt-in basis for accounts that have not received a contribution for 16 months or longer.

- ***A new ATO-based transfer and consolidation process:***
  This initially requires transfer to the ATO of all inactive low balance accounts (accounts that have a balance below $6,000 and meet other conditions including having not received a contribution for 16 months or longer). Secondly it gives the ATO new powers to reunite ATO-held accounts with an active account for the member (if the consolidated balance would be over $6,000).

The package that was passed did not include proposed restrictions on opt-out insurance cover for new members under age 25 and members with balances below $6,000 that were in the original Protecting Your Super package but were removed by an amendment prior to passage.
The government has tabled a new Bill in Parliament to legislate these elements of the Protecting Your Super package, but with an effective date of 1 October 2019 rather than 1 July 2019.

AGED CARE INITIATIVES

Within the 2019-20 Budget, Aged Care expenditure will reach a record $21.6 billion. Whilst, prima facie, this may appear impressive it is a result of the rapidly ageing demographic bulge of Baby Boomer Australians and increasing longevity, as opposed to being the result of a major funding boost by the Government. The 2019-20 Budget has been disappointingly lacking in major funding and structural initiatives in support of ageing Australians' care and living needs.

The More Choices for a Longer Life package within last year's budget was a major commitment and much of this is still being implemented this year and over the next couple of years. The momentum created in last year's budget however has been relinquished and is clearly not a major focus for the current government, unless it is withholding major policy and spending measures to be announced as part of its election campaign.

There is also the backdrop of the Royal Commission into Aged Care Quality and Safety which still has a year to run. This should contribute to the construction of a more integrated, sustainable and equitable vision and strategy for the aged care system. Hence with the federal election decided, greater clarity and recommendations from a Royal Commission and an ongoing budget surplus, it could be envisioned that the 2020-21 Federal Budget will contain much more substantive aged care initiatives than this year.

Home Care Packages and Residential Aged Care

The government has reaffirmed its funding support for an additional 40,000 packages under the Home Care Packages Program since 30 June 2017. It is also supporting the development of an additional 13,500 residential care places.

Mercer's View

Australia's aged care system is currently within a multi-year structural adjustment and is delicately poised as it attempts to structurally change whilst maintaining appropriate levels of breadth across the number of people supported as well as the necessary quality and safety of care and living services for ageing Australians. For this reason, the 2019-20 Budget is a major disappointment for those Australians currently or soon to be relying on the Aged Care system.

Despite the addition of 40,000 home care packages over the past couple of years there remain over 120,000 Australians who are still on the waiting list to receive the level of home care they have been assessed as requiring. Compounding this crisis, the waiting time for high care level packages is over 18 months, with many instances of the care package finally being provided too late for the individual who has died or been forced into a residential aged care home. Given the Budget surplus, the government could have afforded to allocate the estimated $2.0 billion to $2.5 billion a year to ensure older Australians wait no longer than 3 months for the assessed level of care they need.

Other Aged Care related initiatives

- Under the Medical Research Future Fund, there will be $185 million (from 2018-19 to 2028-29) to establish a Dementia, Ageing and Aged Care Mission.
- $84.3 million (over four years) has been allocated to expand the Integrated Carer Support Service.
- The government reaffirmed its commitment to support the implementation of a National Plan to respond to the Abuse of Older Australians, including $18 million to create a new National Hotline (1800ELDERHelp).
- The government also reaffirmed support for the implementation of recommendations from the Aged Care Workforce Strategy and for the embedding of the newly established, since 1 January 2019, independent Aged Care Quality and Safety Commission.

Mercer's View

There are a small number of important new initiatives supporting ageing Australians contained within this Budget, including funding to support research which will contribute towards improvements in preventative measures and treatment of dementia and ageing health issues. In addition, support for carers of Australians who themselves need support and respite. Finally, there is continued support to properly implement a number of important initiatives contributing to the necessary structural reform within the aged care industry currently under way.

There is one initiative which deserves special identification as a missed opportunity, being an increase in the Commonwealth Rent Assistance program. A targeted relatively small allocation from the strengthening Budget could have been made to boost this program and significantly reduce the number of older Australians who are single and do not own their own home, i.e. are renters within the private rental market; 60% of whom currently live below the poverty line because the Aged Pension and the Commonwealth Rent Assistance program are insufficient to support them.

IMPLICATIONS FOR AUSTRALIA'S WORKFORCE

The Budget seeks to build on initiatives from last year, in particular to ensure Australians have the education and skills required to compete in emerging industries and are prepared for the evolving nature of work. Better skills and a quality education were key focuses of the Treasurer's speech when presenting the budget. There were also initiatives announced to make living, working and commuting across Australia easier and to make Australia more widely employed. Further, there was a commitment to provide 1.25 million new jobs in the coming years.

In line with the government's commitment to deliver the skills of today and tomorrow, notable Budget measures included providing:

Enhanced education

- Record levels of funding for public, Independent and Catholic schools. The government has committed $292 billion in total school recurrent funding from 2019 to 2029.
- $30.2 million in 2019-20 to schools under the Local School Community Fund to help local communities fund school activities and new equipment.
- $453 million to extend the National Partnership Agreement on Universal Access to Early Childhood Education until the end of 2020, ensuring every child has access to a quality preschool education for 15 hours a week in the year before school.
- $17.7 billion to the university sector in 2019, and this figure is projected to grow to more than $20 billion by 2024. Further, the government is providing $93.7 million in 2019-20 for scholarships for students to study at a regional campus of a university or vocational education training provider.

Enhanced skills training

- $41.7 million over four years to pilot Skills Organisations across the country in the key areas of human services care and digital technologies including cyber security.
- $62.4 million to establish a national program to deliver foundational language, literacy, numeracy and digital skills.
- $50.6 million to pilot ten Training Hubs in regional areas of high youth unemployment.
- Over $525 million to upgrade the vocational education and training (VET) sector and establish a National Skills Commission to drive long-term reform of VET.
- Delivering up to 80,000 new apprentices over five years in occupations experiencing skill shortages through the introduction of an Additional Identified Skills Shortage Payment (payable to the employee and apprentice). The government will also simplify existing apprenticeship incentives and modernise the National Skills Needs List.
- Providing $42.4 million over four years to establish a National Careers Institute (NCI) which will help raise the profile of the VET sector, as well as provide individuals with access to career and education information through a single web portal.

The Budget also provides for significant investment in cities and regions, including infrastructure, utilities and regional provisional visas. These initiatives will allow Australians to reside further outside cities through better digital and transport infrastructure and will also ensure Australia is a more widely employed population geographically. Announced investments included:

- $100 billion in infrastructure to “bust” congestion and ensure our towns and regions are better connected.
- $220 million investment in regional Australia for improved internet and mobile services.
- Two new provisional visas introduced to enable skilled migrants to settle in regional areas which will contribute to regional economies. These visas will provide a pathway to permanent residency.

Mercer's View

The government is investing now to prepare students, employees and employers with the skills required for both today and tomorrow. These investments will ensure Australia remains competitive in a world of work which continues to change rapidly.

Further, the infrastructure investment measures will not only create new job opportunities directly, but will also provide the opportunity for Australians to access employment through improved transport and digital infrastructure, encourage investment in regional businesses, and support flexible working which is increasingly important to the workforce.

HEALTH INITIATIVES

The government announced several key health initiatives including:

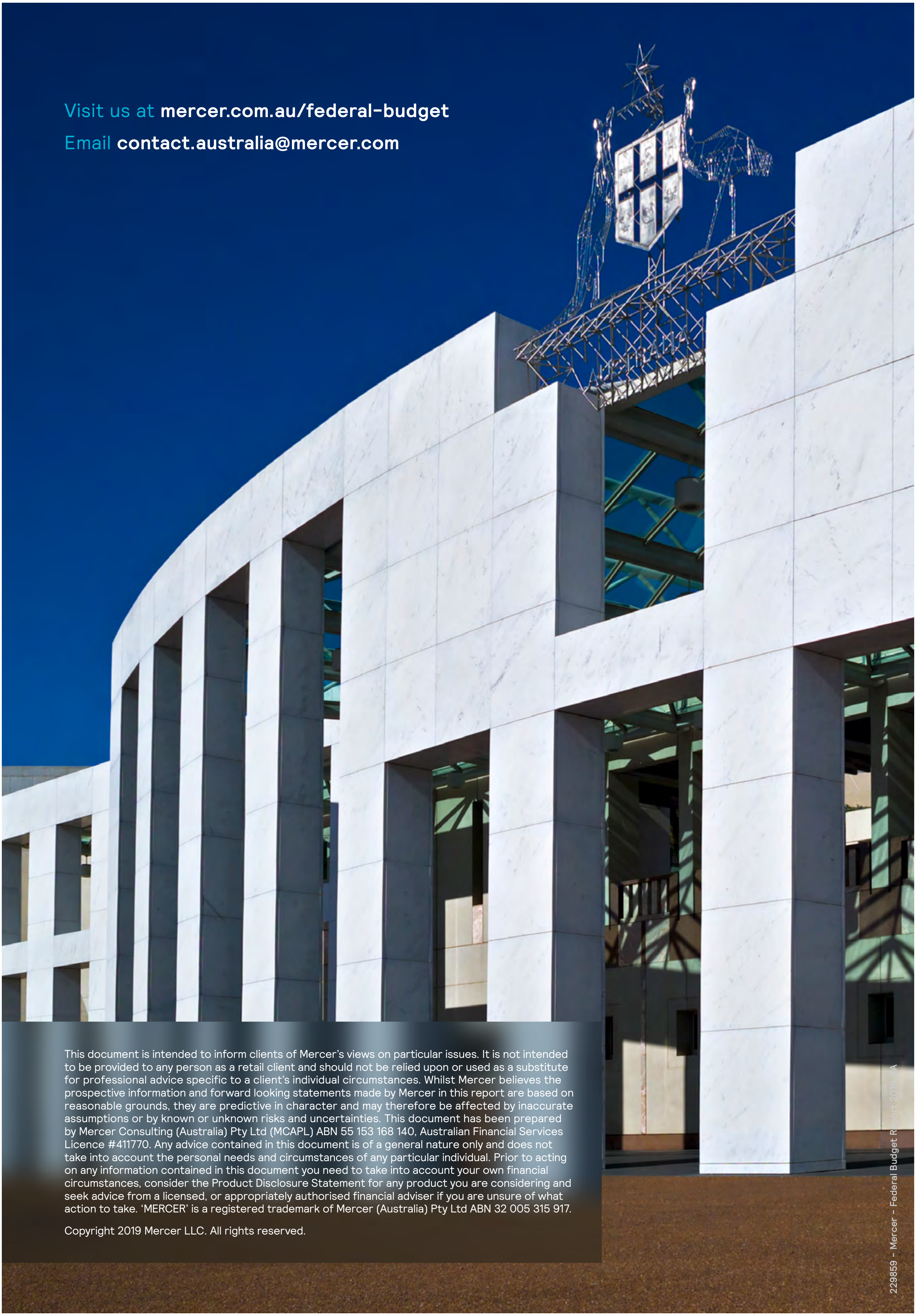
- Ending the freeze on indexation of Medicare rebates a year earlier than planned.
- Increasing the rebate on 119 GP services from 1 July 2019.
- Indexing diagnostic imaging items on the Medicare Benefits Schedule (MBS) and providing increased funding for over 14,000 breast cancer patients a year by reducing the cost of MRIs.
- Adding new drugs to the PBS, including life changing medicines to treat lung, bladder, kidney and skin cancer as well as leukaemia.
- Increasing funding for Mental Health disorders with an emphasis on indigenous and young Australians.
- Providing increased funding to encourage Australians to increase their participation in sport and to upgrade sporting infrastructure.

Impact on employers

While there are no direct implications for employers, the initiatives aim to deliver cheaper, better and earlier health interventions to help ill Australians return to full health and rejoin the workforce more quickly. The announced funding to encourage greater participation in sport for all Australians is also a welcomed initiative as Australia continues to face a growing obesity crisis. Similarly the focus on funding for mental health will contribute to addressing a health issue that is increasingly of concern to corporate Australia.

Impact on employees

The health initiatives outlined in the budget have the potential to benefit employees and their families as the government strives to reduce the cost, improve the diagnosis and speed up the treatment for the unwell.



Visit us at **mercer.com.au/federal-budget**

Email **contact.australia@mercer.com**

229859 – Mercer – Federal Budget Report 2019_FA