



MEDIA RELEASE

Alliance backs franking credits inquiry

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The House of Representatives Standing Committee on Economics inquiry into the implications of removing refundable franking credits will provide an important platform to highlight how this proposal will financially hurt millions of Australians, says the Alliance for a Fairer Retirement System.

Alliance spokesperson, Professor Deborah Ralston, says the Alliance has identified seven groups that will be hurt by the Labor Party's proposal – not just the wealthiest 10 per cent of SMSFs as Labor claims.

“Based on our analysis of ATO and Treasury data, this proposal has wide-ranging financial implications for these groups: Australian shareholders on incomes less than \$65,000, self-funded retirees, age pensioners investing through unit trusts, self-managed super funds (SMSFs), small APRA-regulated funds, large retail APRA-regulated funds and retired small business owners with equity in their companies.

“What this means is quite the opposite of Labor's rhetoric about only targeting the wealthy. Instead, it's those individuals on modest incomes who will be most affected.”

“In fact, the wealthiest SMSF members with more than \$1.6 million in super will be paying tax at 15% on some of their income and in many circumstances will still receive the majority of the value of their franking credits.

“The policy is unfair to everyday Australians who have made sacrifices and saved throughout their lives so that they can have some dignity in retirement.

“It has become clear that both the initial Labor Party and subsequent Parliamentary Budget Office modelling has overlooked a number of groups that will also feel the impact of this proposed policy. This includes 3.5 million small and large APRA-regulated fund member accounts.”

Professor Ralston also noted that even those taxpayers not directly impacted by the proposed policy will be affected by broader effects of the proposal such as impacts on equity prices and the potential increased reliance on the age pension driven by weaker incentives to be self-reliant in retirement.

Economics Committee Chair Tim Wilson announced the inquiry yesterday, saying it will address “legitimate” community concern about proposals to remove cash refunds for their full allocation of credits for individuals and superannuation funds.

Eleven organisations across retiree, investment and financial industry groups have formed the Alliance with the express goal of opposing this Labor proposal.

Ralston says all organisations are of the firm belief that Labor has not considered the full financial ramifications of this proposal.



“We are therefore pleased that the Economics Committee has decided to have this inquiry as we believe it will provide the ideal forum to fully examine the financial consequences of Labor’s proposal on millions of Australians.

“The Alliance will prepare a submission for the inquiry and encourages all Australians who believe this proposal will leave them financially worse off to make their views known to the committee.”

About the Alliance:

The Alliance for a Fairer Retirement System is a group formed to represent millions of senior Australians, shareholders, self-funded retirees and those planning a sustainable retirement, including over one million members of self-managed super funds. The Alliance was formed in response to Labor’s proposal to disallow refunds of excess franking credits for a range of retirees and shareholders. The Alliance’s focus is to explore options to fix problems with the existing superannuation taxation, Age Pension means testing and broader retirement income systems.

The organisations that form the Alliance include:

- Association of Financial Advisers
- Association of Independent Retirees
- Australian Investors Association
- Australian Listed Investment Companies Association
- Australian Shareholders’ Association
- Gold Coast Retirees Inc.
- National Seniors Australia
- Self-managed Independent Superannuation Funds Association
- SMSF Association
- Stockbrokers & Financial Advisers Association
- WA Self Funded Retirees

Contact for interviews:

Professor Deborah Ralston
Alliance Spokesperson
M: 0419 650 318
E: dralston6@bigpond.com
www.fairerretirement.com.au