



The Alliance  
for a Fairer  
Retirement  
System

## MEDIA RELEASE: Fairer Retirement Summit highlights unfairness and poor design of proposed ALP franking credits refund policy

### **1 November**

Labor's proposal to deny franking credits refunds was labelled grossly "unfair" by the Assistant Treasurer, Stuart Robert, at the Alliance for a Fairer Retirement System Inaugural Summit held in Sydney this week.

Addressing the more than 130 people who attended the Summit, Robert said: "The critical point is that more than 45 per cent of the 900,000 people affected are 65 years or older.

"Any changes will overwhelmingly hit low and middle-income earners, with 84 per cent of the individuals impacted on taxable incomes of less than \$37,000, and 96 per cent of the individuals impacted on taxable incomes below \$87,000."

Tim Wilson, Chair of the House of Representatives Standing Committee on Economics, encouraged everyone who could be affected by Labor's proposal to lodge a submission with his Committee so that their voices could be heard, adding that "the proposed changes will have a profound impact on the tax system overall".

Geoff Wilson, Chairman, Wilson Asset Management, stressed the linkages with the financial system: "We believe dividend imputation has significantly benefitted Australia's financial system and contributed to the fact that Australia has not experienced a recession in 26 years.

"The removal or adjustment of dividend imputation would be enormously detrimental to the Australian financial system." He added that they "have also received almost 2,000 individual stories about how people will be impacted by these changes."

Veteran journalist and commentator Robert Gottliebsen illustrated some of the striking examples of unfairness caused by the proposal: "By all means let's have a debate about dividend imputation; there are certainly two sides to every argument.

"However, this intended policy completely undermines the values around equity and fairness that Australians hold dear. For example, three different retirees with the same

retirement savings in three different vehicles - an industry super fund, an SMSF and a self-funded retiree - would be taxed at different rates. This is the thin edge of the wedge. Once this is accepted it could occur in all sorts of policy.”

Dr Don Hamson, Managing Director, Plato Investment Management, focussed on “those who can least afford it would be the most affected. People with incomes of \$20,000 to \$40,000 will bear the brunt of the policy should it be implemented.”

Associate Professor Geoff Warren of ANU demonstrated that not only would cumulative retirement savings fall by 8-9%, on average, for those affected, but the proposal would increase uncertainty with respect to age pension eligibility if the policy were to be implemented.

The Summit emphasised that Labor’s proposal to deny people their full tax refund would reduce the adequacy of incomes in retirement, would be unfair in terms of taxing different individuals on the same income at different rates, increased the uncertainty surrounding retirement incomes, and was a threat to the sustainability of the retirement income system by encouraging self-funded retirees to throw in the towel and move to the age pension.

The House of Representatives Standing Committee on Economics inquiry into the implications of removing refundable franking credits would provide an important platform to highlight how this proposal will financially hurt millions of Australians, said the Alliance spokesperson, Professor Deborah Ralston. Those concerned are encouraged to lodge a submission as soon as possible:

[https://www.aph.gov.au/Parliamentary\\_Business/Committees/House/Economics/FrankingCredits](https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/FrankingCredits)