
The Parliament of the Commonwealth of Australia

Report on the inquiry into the implications of removing refundable franking credits

House of Representatives
Standing Committee on Economics

April 2019
Canberra

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Foreword

On 19 September 2018, the Treasurer, the Hon Josh Frydenberg, MP, referred to the committee an inquiry into the removal of refundable franking credits. The Treasurer asked the committee to inquire into and report on the implications of removing refundable franking credits and, in particular, the stress and complexity it will cause for Australians, including older Australians who will be impacted in their retirement.

The public response to the inquiry has been extraordinary. The committee held a series of 19 public hearings across the country to allow Australians to have their say in light of a policy proposed to be introduced on 1 July 2019. These hearings were very well attended – often exceeding 300 people. A total of 1777 submissions were published and many more documents were received that could not be published by the time the committee reported.

While the participation in the inquiry was high, worryingly the evidence suggests that many people at risk of being impacted from a policy change are unaware of the proposal that could result in them losing a third of their income. This risk is particularly concerning when many retired Australians live outside of capital cities and are at a vulnerable stage of their life.

While the public discussion surrounding the abolition of refundable franking credits has focused primarily on retirees, the committee heard evidence from others who need certainty in their lives and who are at risk. These include mothers who have taken a break from employment to have children, those earning below the tax free threshold and people with a disability with ageing parents who have income from shares to maintain independent living.

The committee has considered the case for removing refundable franking credits for individuals and SMSFs and is of the view the policy is inequitable and deeply flawed.

Franking credits play an important role in Australia's tax and dividend imputation system. Franking credits are a tax credit for imputed tax to the individual to stop double taxation. They are stated on an individual's tax assessment notice as withheld tax, and are used to assess an individual's taxable income at the end of the financial year and for access to other benefits such as healthcare cards. Franking credits are only received when tax is paid.

Their abolition for refundability while still being considered as part of taxable income is poor tax policy and discriminates between taxpayers.

Those who made their voice heard put worrying stories to the inquiry.

Many affected retirees spoke of anxiety from the fear of losing a third of their income. There's Karen's story of 'exhausting and soul destroying' stress.

Others raised concern that abolishing refundable franking credits would compound the legacy of the gender pay gap. There's Margaret's story of historic sexism and how 'too many people making decisions for us' are 'totally unaware of history and our lives'.

And then there are straight stories of financial hardship. There's Michael's story of medical challenges and how the removal of refundable franking credits will cause him 'considerable hardship'.

In particular, abolishing refundable franking credits will unfairly hit people of modest incomes who have already retired, and who are unlikely to be able to return to the workforce to make up the income they will lose.

The abolition of refundable franking credits will force many people, who have saved throughout their lives to be independent in retirement onto the Age Pension. This undermines any objective that it may raise revenue and reduce dependence on taxpayers resulting from an ageing population.

Some have argued that the intention to scrap refundable franking credits is designed to tax the wealthy. This is an unfair characterisation of the 900,000 Australians who will be affected and could lose up to a third of their income.

It also does not take account of the introduction of the transfer balance cap in the 2017/18 financial year that applied a 15 per cent tax rate on income earned on balances above \$1.6 million. These funds will continue to enjoy the use of franking credits to fully offset their tax liability, while those under \$1.6 million will not. Such inconsistency will apply an effective 30 per cent tax rate on the income of those with superannuation balances below \$1.6 million, and a maximum 15 per cent on those above \$1.6 million.

Abolition of refundable franking credits is fundamentally regressive. Australia has a tax free threshold of \$18,200 for workers, yet the abolition of refundable franking credits would apply an effective 30 per cent tax from the first dollar earned.

The fact-free dehumanisation of franking credit recipients has made it easy to dismiss the concerns of the over 900,000 Australians impacted.

The Alliance for a Fairer Retirement System claims that, in 2014-15, over half of those receiving cash refunds for their franking credits had incomes below the \$18,201 tax-free threshold of the time, and 96 per cent had taxable incomes of less than \$87,000. These Australians are hardly high income earners, yet they stand to lose up to 30 per cent of their income overnight.

Such a policy discriminates against retirees in SMSFs, in favour of members of APRA-regulated industry and retail superannuation funds, and those eligible to receive a part or full Aged Pension before 28 March 2018.

The policy may also reduce the value of some Australian shares and reduce investment in Australian companies.

A range of submitters were concerned about the need to rearrange their investments, and to reduce spending, particularly on private health insurance and charitable donations.

The committee is concerned that these serious policy implications have not been addressed in any proposal that is sought to be implemented.

In consideration of the evidence received during this inquiry, the committee strongly recommends against the removal of refundable franking credits.

Any policy that could reduce Australian retirees' income by up to a third should only be considered as part of an equitable package for comprehensive tax reform.

Tim Wilson MP
Chair



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Membership of the Committee

Chair	Mr Tim Wilson MP (from 10 September 2018)
Deputy Chair	The Hon Matt Thistlethwaite MP
Members	Mr Adam Bandt MP Ms Julia Banks MP (to 28 November 2018) Mr Trevor Evans MP Mr Jason Falinski MP Mr Craig Kelly MP Mr Matt Keogh MP The Hon Craig Laundy MP (from 10 September 2018) Mr Ted O'Brien MP (from 18 February 2019) Mr Josh Wilson MP (from 10 September 2018)

Committee Secretariat

Secretary	Mr Stephen Boyd
Inquiry Secretary	Dr John White
Office Manager	Ms Jazmine Rakic



Terms of reference

On Wednesday, 19 September 2018, the Treasurer, the Hon Josh Frydenberg MP, asked the committee to inquire into and report on the use of refundable franking credits, their benefits and the implications of their removal, including:

- analysis of who receives refundable franking credits, the opportunities it provides to offer alternative savings and investment vehicles to low and middle income earners, and the impact it has on lowering tax bills
- consideration of how refundable franking credits support tax principles, particularly implications for tax neutrality, removal of double taxation and fairness
- if refundable franking credits are removed; who it would impact and how and the implications from expected behavioural change by investors, including for
 - ⇒ increased dependence on the pension
 - ⇒ stress and complexity it will cause for Australians, including older Australians to adjust their investments
 - ⇒ if there are carve outs applied, what this might mean for additional complexity, uncertainty and fairness
 - ⇒ reduced incentives to save and distortions to which asset classes are invested in and funds are used, and
 - ⇒ the reliability of providing a sustainable revenue base over the longer term.



List of abbreviations

ACOSS	Australian Council of Social Service
the Alliance	The Alliance for a Fairer Retirement System
ALP	Australian Labor Party
APRA	Australian Prudential Regulation Authority
ASA	Australian Shareholders' Association
PBO	Parliamentary Budget Office
SMSF	Self-managed superannuation fund



Recommendations

Recommendation 1 (paragraph 2.76)

The committee recommends against the removal of refundable franking credits.

Recommendation 2 (paragraph 2.77)

The committee recommends any policy that could reduce Australian retirees' income by up to a third should only be considered as part of an equitable package for wholesale tax reform.

Introduction

Referral of the inquiry

- 1.1 On 19 September 2018, the Treasurer, the Hon Josh Frydenberg, MP, referred to the committee an inquiry into Labor's policy to remove refundable franking credits. The terms of reference are reproduced in full in the front pages and the letter of referral is reproduced at Appendix C.
- 1.2 The Treasurer asked the committee to inquire into and report on the implications of removing refundable franking credits and, in particular, the stress and complexity it will cause for Australians, including older Australians to adjust their investments. The Treasurer in his letter to the committee stated:

There is significant concern and uncertainty within the community following the announcement by the Labor Party they will increase taxes on retirees and other savers by removing refundable franking credits.¹

Background

- 1.3 In March 2018 the Labor Party (ALP) released a tax policy to end cash refunds for excess imputation ahead of an impending Federal Election due by May 2019.² Labor's policy is reproduced at Appendix D. The ALP stated:

1 The Hon Josh Frydenberg, MP, Treasurer, *Letter of referral to committee*, 19 September 2018, Appendix C.

2 Australian Labor Party, *A Fairer Tax System, Ending cash refunds for excess imputation*, March 2018.

The dividend imputation system introduced by Paul Keating in 1987 was a key plank of the Hawke-Keating economic reforms that has helped underpin Australia's 26 years of recession-free growth. There is no stronger supporter of the original dividend imputation system introduced by the former Hawke-Keating government than the Labor Party. We delivered it. And we support it.

But the Howard Government's decision in 2000 to allow individuals and superannuation funds to claim cash refunds for excess imputation credits is simply unaffordable, and will impede the ability of future governments to pay for good-quality health and other services.³

- 1.4 The ALP noted that the 'dividend imputation system was introduced in 1987 by Paul Keating to ensure that the profits of companies in Australia are only taxed once for Australian investors.' Imputation credits could be attached to dividends equal to any company tax paid on the company's profits and 'these credits could then be used to reduce an individual's tax liabilities.'⁴ The ALP stated:

If someone didn't have a tax liability, or the tax liability was smaller than the imputation credits, the imputation credits went unused. No cash refunds were paid.⁵

- 1.5 Prior to dividend imputation 'company tax profits were taxed twice: once as a company income and again as personal dividend income.'⁶ The system introduced by Treasurer Keating ended double taxation. The ALP stated:

...suppose a company generates a profit of \$100 and under current company tax arrangements pays \$30 in tax (30% company tax rate x \$100 profit). The company decides to pay out the full \$70 out in dividends to shareholders. Because the company has already paid \$30 in tax on this company income, it attaches \$30 worth of "imputation credits" (often referred to as franking credits) in addition to the \$70 dividend. This means the shareholder now has \$70 cash, plus \$30 of imputation credits – a grossed up dividend of \$100.⁷

- 1.6 The ALP then contrasted this tax treatment with the changes made by the Howard Government in 2001. The ALP stated:

3 ALP, *A Fairer Tax System, Ending cash refunds for excess imputation*, p. 1.

4 ALP, *A Fairer Tax System, Ending cash refunds for excess imputation*, pp. 1-2.

5 ALP, *A Fairer Tax System, Ending cash refunds for excess imputation*, p. 2.

6 ALP, *A Fairer Tax System, Ending cash refunds for excess imputation*, p. 2.

7 ALP, *A Fairer Tax System, Ending cash refunds for excess imputation*, pp. 2-3.

Under the Howard-Costello changes, using the same example, shareholders who received this \$30 imputation credit could use it to reduce their tax liabilities at tax time (as under the original dividend imputation system), but they could also claim it as a cash refund if the value of their imputation credits exceeded their tax liabilities.

The ability to claim cash refunds has become particularly attractive to self-managed superannuation funds because in pension phase assets are already tax free, which typically means the total value of any imputation credits received can be claimed as cash refunds.⁸

- 1.7 Treasurer Frydenberg in particular sought advice from the committee on the 'stress and complexity it will cause for Australians, including older Australians to adjust their investments.'⁹
- 1.8 The ALP noted that the budgetary impact of continuing with refundable franking credits is significant. The ALP commented that when the policy began it cost just \$550 million a year but if the policy continues 'future governments will be faced with an \$8 billion annual hole in the budget over the medium term.'¹⁰ The ALP claimed that 'recipients of cash refunds are typically wealthier retirees who aren't PAYG tax payers' and 'who typically own their own home and also have other tax-free superannuation assets.'¹¹ The ALP concluded that:

Labor will unwind the 2000 Howard Government decision that introduced cash refunds for excess imputation credits for individuals and superannuation funds.

This means that imputation credits for individuals and superannuation funds will no longer be a refundable tax offset, and will return to being a non-refundable tax offset consistent with the tax treatment of most other tax offsets. Cash refunds will not arise if excess imputation credits exceed tax liabilities.

Labor's policy will only apply to individuals and superannuation funds, and therefore will not apply to bodies such as:

- ATO endorsed income tax exempt charities; and
- Not-for-profit institutions (e.g. universities) with deductible gift recipient (DGR) status.¹²

8 ALP, *A Fairer Tax System, Ending cash refunds for excess imputation*, p. 3.

9 *Terms of Reference*

10 ALP, *A Fairer Tax System, Ending cash refunds for excess imputation*, p. 3.

11 ALP, *A Fairer Tax System, Ending cash refunds for excess imputation*, p. 5.

12 ALP, *A Fairer Tax System, Ending cash refunds for excess imputation*, p. 7.

- 1.9 Shortly after the ALP released its policy there was community opposition about its impact on retirees. The ALP then amended the policy to include a Pensioner Guarantee. The ALP stated that under the Pensioner Guarantee:

Every recipient of an Australian Government pension or allowance with individual shareholdings will still be able to benefit from cash refunds. This includes individuals receiving the Age Pension, Disability Support Pension, Carer Payment, Parenting Payment, Newstart and Sickness Allowance.

Self-managed Superannuation Funds with at least one recipient of an Australian Government pension or allowance as at 28 March 2018 will be exempt from the changes.¹³

Reasons for the inquiry

- 1.10 When the inquiry was referred to the committee the Shadow Treasurer, the Hon Chris Bowen, MP, claimed that it was not an appropriate use of the committee. This would be based on the view that a key function of a parliamentary committee is to scrutinise the executive. A fundamental role of a committee is to scrutinise the executive but it is not the only one.
- 1.11 Standing order 215(c) provides for House Committees to inquire into annual reports of government agencies and reports of the Auditor-General. These are key mechanisms by which committees can unilaterally decide to scrutinise the executive. The House Economics committee uses the annual report power to scrutinise the Reserve Bank of Australia, the Australian Competition and Consumer Commission, the Australian Securities and Investments Commission and the Australian Prudential Regulation Authority. During the current parliament, the committee has conducted 15 inquiries into these agencies based on its annual report power. This is more annual report inquiries than all other House committees combined. The committee fully understands the importance of scrutinising the executive and it performs this function to a high degree.
- 1.12 Standing order 215(b) provides for a committee to inquire into and report on a matter referred to it by a Minister. These inquiries can be wide ranging policy inquiries and are not primarily about scrutinising the

13 The Hon Chris Bowen, MP, Shadow Treasurer, A Fairer Tax System: Dividend Imputation Reform, *Media Release*, www.chrisbowen.net/issues/labors-dividend-imputation-policy/

executive although it is usual for relevant government agencies to appear and be scrutinised over current administration and legislation.

- 1.13 The inquiry into the implications of removing refundable franking credits serves important public interest outcomes notwithstanding that it is an opposition policy. Close to a million Australians will be affected by the policy, many of them older Australians who have structured their finances around the policy. It is important that the Parliament be appraised of the implications of this policy, effective 1 July 2019.

The dividend imputation system

- 1.14 The Parliamentary Budget Office (PBO) stated that dividend imputation applies to some Australian sourced dividend income ‘reducing the amount of income tax paid by Australian resident shareholders.’¹⁴ The PBO stated:

Under the dividend imputation system, Australian resident companies that distribute dividends from after-tax profits have the option of passing on franking credits (also known as imputation credits) to their shareholders, attached to the dividends they receive. This provides shareholders with a credit for the tax that a company has paid on its profits.

Shareholders include an amount equal to the franking credit attached to their dividend in their assessable income for tax purposes. Australian residents and complying superannuation funds are entitled to claim a tax offset equal to the amount of franking credits included in their income.

This franking credit tax offset can be used to reduce a taxpayer's tax liability from all forms of income. Currently, any excess franking credits are refunded to the taxpayer by the Australian Taxation Office (ATO).¹⁵

- 1.15 The dividend imputation system was introduced in 1987 by the Hawke/Keating Government but the system at that stage did not include the provision for refundable franking credits. This next step was taken in 2001 by the Howard/Costello Government.

14 PBO, Policy Costing, *Dividend imputation credit refunds*, PR18/00145, p. 1. The PBO's policy costing is reproduced at Appendix E.

15 PBO, Policy Costing, *Dividend imputation credit refunds*, PR18/00145, p. 2.

Hawke/Keating government 1987 reforms

- 1.16 Until 1987 company dividends were being taxed twice. First, the company would pay company tax and then issue dividends to its shareholders. For shareholders the dividends would then be counted as assessable income together with any other assessable income and they would be taxed on the total assessable income.
- 1.17 The then Treasurer, the Hon Paul Keating, MP, on introducing the reforming legislation, commented that this 'will give effect to the most significant business taxation reform in this country in the post-war years—the elimination of the double taxation of company dividends.'¹⁶ Mr Keating stated that
- ...under the imputation system, dividends paid by Australian companies will be relieved from tax in the hands of resident individual shareholders by a rebate to the extent to which tax has been paid at the corporate level. Dividends relieved from tax in this way will be known as franked dividends.¹⁷
- 1.18 Mr Keating noted that the system would be a world first. He stated:
- For resident individual shareholders on lower rates, imputation credits attached to franked dividends will exceed the tax payable on the franked amount of the dividends. The excess rebate will be available to offset tax on other income, including unfranked dividends and capital gains, but will not be refundable where it exceeds such tax, and will not be offset against the Medicare levy. Imputation credits attached to franked dividends will not form part of separate net income for dependent rebate purposes, but will be included in the Medicare levy tax base.¹⁸
- 1.19 In relation to investment incentive and business growth, Mr Keating stated:
- ...it will restore the position of the stock market as the mobiliser of investment funds and reduce the previous bias in favour of corporate debt finance over equity; it will mean that entrepreneurs trying to get new businesses off the ground should find it easier to raise equity finance; it will make investment in these enterprises relatively more attractive for investors; it will improve the climate for productive investment and enhance economic growth for Australia; and it will provide increased incentives for all

16 The Hon Paul Keating, MP, Treasurer, *House of Representatives Hansard*, 2 April 1987, p. 1944.

17 The Hon Paul Keating, MP, Treasurer, *House of Representatives Hansard*, 2 April 1987, p. 1944.

18 The Hon Paul Keating, MP, Treasurer, *House of Representatives Hansard*, 2 April 1987, p. 1944.

Australians to participate in the ownership of Australian companies by significantly reducing taxes on dividend income.¹⁹

Howard/Costello government 2001 reforms

- 1.20 In 2001 the Howard/Costello Government extended the policy of the Hawke/Keating Government to 'provide for excess imputation credits to be refunded to Australian individuals, complying superannuation funds or similar entities who, until now, could not use those credits because their tax liability was insufficient.'²⁰ The then Treasurer, the Hon Peter Costello, MP, stated:

At the moment, where a company pays a franked dividend at 36c and the franked dividend is distributed to somebody, let us say a pensioner, who is on a tax rate lower than 36c – maybe 20 cents in the dollar – that person has a dividend on which there is a tax credit of 36 cents in the dollar but is only liable for tax at 20 cents in the dollar. Until now, they have never had the opportunity to get back that excess imputation credit, which, of course, represents an overpayment of tax in their hands. The government foreshadowed its intention to introduce this measure in A New Tax System and it will be of particular benefit to many self-funded retirees.²¹

- 1.21 The then Shadow Treasurer, the Hon Simon Crean, MP, stated:

Although imputation credits can be used to reduce an individual's or a superannuation fund's income tax liability to nil, excess credits were of no value to taxpayers. This bill proposes to refund to taxpayers any excess imputation of credits that may be left after offsetting the credits against their income tax liability. The classic example of such a situation is a low income person who earns a little investment income – for example, a full rate age pensioner. They face no income tax liability on their income and therefore cannot obtain the benefit of the excess franking credits attached to the small amount of dividend income they receive. Under this proposal, they will obtain a refund of their income tax from the Taxation Office, representing the excess imputation credits. Labor included this proposal in our taxation policy prior to the last election. Therefore we have no difficulty supporting the proposal because it is our policy. It builds on the major reform

19 The Hon Paul Keating, MP, Treasurer, *House of Representatives Hansard*, 2 April 1987, p. 1944.

20 The Hon Peter Costello, MP, Treasurer, *House of Representatives Hansard*, 9 December 1999, p. 13193.

21 Mr Costello, MP, Treasurer, *House of Representatives Hansard*, 9 December 1999, p. 13193.

accomplished by Labor almost 15 years ago and it improves the current taxation situation faced by low income investors, especially retired Australians.²²

Scope and conduct of the inquiry

Privilege claim raised against the Chair, Mr Tim Wilson, MP

- 1.22 On 13 February 2019, the Leader of Opposition Business in the House, the Hon Tony Burke, MP, pursuant to standing order 51, rose in the chamber and raised a privilege claim against the Chair, Mr Tim Wilson, MP, for his conduct relating to the inquiry into refundable franking credits. First, Mr Burke claimed that Mr Wilson organised a public hearing on the same day and in close proximity to an investor roadshow organised by Mr Geoff Wilson of Wilson Asset Management (WAM) who is a vocal critic of Labor's policy. Mr Burke stated:

On 20 November 2018, the committee did hold a public hearing of the inquiry – at the Law Society of New South Wales at 170 Phillip Street, Sydney. The committee's public hearing occurred on the same day and some 400 metres away from the shareholders' presentation organised by Mr Geoff Wilson. This raises a question as to whether the chair organised the committee's hearing schedule and locations at the behest of a person with a vested interest in the inquiry. This also raises a question as to whether the actions of the chair amount to an improper interference with the free exercise of his own committee's authority or functions such as to constitute a contempt of the House.²³

- 1.23 Mr Burke next noted that Mr Wilson is also a shareholder in two WAM investments. Mr Burke stated:

The fact that it has since been revealed that the chair is also a shareholder in two Wilson Asset Management investments raises other concerns about his conduct. It also raises questions over the chair's reported failure to declare this obvious conflict of interest to the committee, including when Mr Geoff Wilson appeared before a public hearing of the committee on 30 November 2018 while it was being chaired by the member for Goldstein [Mr T Wilson]. I note that at one point during the hearing Mr Geoff Wilson spoke

22 The Hon Simon Crean, MP, Shadow Treasurer, *House of Representatives Hansard*, 17 February 2000, p. 13730.

23 The Hon Tony Burke, MP, Manager of Opposition Business, *House of Representatives Hansard*, 13 February 2019, p. 13268.

about his shareholders, and the chair even then failed to declare his obvious conflict of interest. Again, this raises the question as to whether the chair's actions amount to an improper interference with the free exercise of his own committee's functions so as to constitute a contempt of the House: by chairing a hearing and asking questions of a committee witness when other committee members and, indeed, the people attending the hearing were not aware that he had a pecuniary interest in investments run by that witness. It also raises the question whether the chair is in breach of standing order 231 —²⁴

1.24 Mr Burke noted that 'one of the Wilson Asset Management investments which Mr Wilson holds is through his self-managed superannuation fund, meaning that in his retirement Mr Wilson may be impacted by the very policy his committee is inquiring into.'²⁵

1.25 The third issue raised by Mr Burke relates to Mr Wilson setting up his own website relating to the inquiry, partially funded by Mr G Wilson and other unnamed individuals. Mr Burke claimed that the website included the ability to submit to the committee a prefilled submission which states it is against Labor's policy. Mr Burke stated that 'clearly this will mean that a number of the submissions received by the committee will have been written by the chair of the committee to himself, and that when the committee writes its report it will use evidence written by the chair.'²⁶ Mr Burke also stated in relation to Mr Wilson's website that:

Equally concerning is that, from when the chair's website was set up until the beginning of February this year, people could only register to attend a public hearing of the inquiry on the website by agreeing to be registered for a Wilson Asset Management petition against Labor's policy. However, this again raises a question as to whether the chair improperly interfered with the free exercise of his own committee's functions such as to constitute a contempt of the House.²⁷

1.26 Mr Burke also raised issues about the conduct of the public meetings. Mr Burke stated:

24 Mr Burke, MP, Manager of Opposition Business, *House of Representatives Hansard*, 13 February 2019, p. 13268.

25 Mr Burke, MP, Manager of Opposition Business, *House of Representatives Hansard*, 13 February 2019, p. 13268.

26 Mr Burke, MP, Manager of Opposition Business, *House of Representatives Hansard*, 13 February 2019, p. 13268.

27 Mr Burke, MP, Manager of Opposition Business, *House of Representatives Hansard*, 13 February 2019, p. 13269.

It is also reported that at a public hearing of the inquiry on 30 January this year the chair did nothing when the member for Fisher called for people to join the Liberal Party while he was giving evidence to the committee, and then reportedly allowed the handing out of Liberal Party membership forms to people at the hearing.²⁸

- 1.27 The Speaker, the Hon Tony Smith, MP, heard the issues raised by Mr Burke and pursuant to standing order 51(b)(ii) reserved the matter for further consideration. Only if the Speaker grants precedence to the matter under standing order 51(b)(i) may the member then move a motion declaring that a contempt or breach of privilege has been committed.
- 1.28 On 21 February the Speaker addressed the chamber in relation to the matter noting that there were no grounds to grant precedence to a motion that a contempt or breach of privilege had been committed by the Chair. The Speaker stated:

I appreciate the concerns that may have been raised by the actions of the member for Goldstein and the actions could be seen to have caused damage to the committee's reputation and the reputation of the House committee system more generally. However, I do not believe that evidence has been presented to demonstrate that the member for Goldstein's actions have prevented the committee in a fundamental way from continuing to fulfil its basic responsibilities in relation to its inquiry work. I therefore do not propose to give precedence to a motion to refer the matter to the Standing Committee of Privileges and Members' Interests.²⁹

- 1.29 While the Speaker did not support Mr Burke's claims, he stated that Mr Wilson's actions were unconventional.³⁰ The Speaker stated:

As I have noted, while I do not believe the actions of the member for Goldstein meet the test set out in section 4 of the Privileges Act, I believe his actions have not always conformed with what I see as the conventions usually observed by chairs of House committees and the practice of House committees. The particular matters I would mention include:

28 Mr Burke, MP, Manager of Opposition Business, *House of Representatives Hansard*, 13 February 2019, p. 13270.

29 The Speaker, the Hon Tony Smith, MP, *House of Representatives Hansard*, 21 February 2019, pp 14290-91.

30 The Speaker, the Hon Tony Smith, MP, *House of Representatives Hansard*, 21 February 2019, p. 14291.

- having a private website 'authorised by', and with the badging of, the chair of the committee, which appeared to solicit submissions and attendees at public hearings from just one perspective; and
 - apparently arranging for a public hearing of the committee to coincide with the meeting of a group with an active interest in the committee's inquiry, including with the possible intention to engage in protest activity at the hearing.³¹
- 1.30 In addition, the Speaker was particularly critical of local Federal Members handing out party political material at the committee hearing venue. The Speaker commented that 'the handing out of party political material or the display of signs by individual members at hearings of parliamentary committees should not be tolerated by chairs.'³²
- 1.31 In response the Chair clarified his intention was to promote public participation, stating 'the objective of this inquiry at every point is to maximise and increase the participation of Australians in their Parliament and make sure that people have the opportunity to have their say.'³³

Submissions

- 1.32 The details of the inquiry were published on the committee's webpage, and a media release was issued seeking submissions. The committee received and published 1777 submissions, which are listed in Appendix A. In addition, there were 1,108 identical form letters.
- 1.33 The submission deadline was set for 2 November 2018 although it became clear during the inquiry that due to the massive interest by the public documents continued to be sent to the committee. All documents sent to the committee were received and considered by the committee. However, due to the large number of documents received not all submissions were published by the time the committee reported.

Public meetings

- 1.34 The committee held a series of public hearings where individuals could make short statements of up to three minutes. This helped to maximise participation. Organisations and stakeholder groups also appeared at

31 The Speaker, the Hon Tony Smith, MP, *House of Representatives Hansard*, 21 February 2019, p. 14291.

32 The Speaker, the Hon Tony Smith, MP, *House of Representatives Hansard*, 21 February 2019, p. 14291.

33 The Chair, Mr Tim Wilson, MP, *House of Representatives Hansard*, 21 February 2019, p. 14292.

public hearings where they were given more time to present their case and be subject to questioning.

- 1.35 Public hearings were held in Sydney, Melbourne, Dee Why, Townsville, Alexandra Headland, Paddington (Queensland), Eight Mile Plains, Upper Coomera, Merimbula, Chatswood, Bondi Junction, Carlisle, Guildford, Norwood, Malvern, Brighton, Mount Martha, Torquay and Canberra.
- 1.36 The hearings were webcast through the Australian Parliament's website, allowing interested parties to view or listen to the proceedings as they occurred. Hearing witness details are provided in Appendix B.
- 1.37 Submissions and transcripts of public hearings are available on the committee's webpage at: <https://www.aph.gov.au/FrankingCredits>

Implications of removing refundable franking credits

Introduction

- 2.1 Much of the debate around the Australian Labor Party (ALP)'s policy to remove refundable franking credits has focussed on whether it is fair. Supporters of the policy argue it is necessary to make the Budget sustainable and that it will mainly affect wealthy Australians who can afford to make a bigger contribution.¹
- 2.2 However, many retirees and other investors dispute the idea that recipients of franking credit refunds are wealthy and say the policy is unfair and inequitable.
- 2.3 The Parliamentary Budget Office (PBO) estimates revenue from the ALP's policy would be \$5.2 billion in 2020-21, increasing to a total of \$48.6 billion by 2027-28.²
- 2.4 This chapter examines the implications of removing refundable franking credits, beginning with the PBO's modelling of the financial implications for those affected by the ALP's policy. Claims the ALP's policy will affect people on modest incomes and the increased stress and complexity the policy would cause for Australians to adjust their investments are examined. A number of unintended consequences have been raised and are discussed, including claims the ALP's policy may increase

1 Grattan Institute, *Submission 435*, pp. 3-8, pp. 10-11; The Australia Institute, *Submission 410*, p. 15; *Industry Super Australia*, *Submission 414*, p. 11. Australian Council of Social Service, *Submission 431*, p. 2.

2 PBO, Policy Costing, *Dividend imputation credit refunds*, PR18/00145, p. 3; p. 6. The PBO noted the policy would 'be expected to result in an increase in departmental expenses of \$2 million in 2018-19 and \$1 million in 2019-20' (p. 3).

dependence on the Age Pension and may negatively affect the value of Australian shares and investment in Australian companies.

- 2.5 While many submissions argued the ALP's policy should be rejected outright, options have been proposed to modify the policy and are examined, including capping refunds, grandfathering existing arrangements and delaying the policy start date.
- 2.6 The committee heard a large number of personal stories and concerns about the removal of refundable franking credits. Selections of these statements are included in text boxes to show how some people claim they will be affected.

PBO distributional analysis of refundable franking credits

- 2.7 The PBO's costing, reproduced at Appendix E, provides a distributional analysis of the number of individuals and superannuation funds who would be directly affected in 2019-20 and an analysis of individuals and superannuation funds in 2014-15.
- 2.8 Table 2.1 provides the PBO's distributional analysis of individuals directly affected by the policy, based on 2014-15 data.

Table 2.1 Individuals - Distribution by taxable income in 2014-15^(a)

Decile ^(b)	Taxable income range	Number of individuals claiming excess franking credits	Percentage claiming excess franking credits	Average excess franking credits claimed (\$) ^(c)	Total excess franking credits claimed (\$m) ^(d)
1	Under \$9,500	403,700	29.5%	640	258.8
2	\$9,500 to \$19,000	267,700	19.3%	990	266.3
3	\$19,000 to \$26,400	198,700	14.3%	1,580	312.9
4	\$26,400 to \$35,000	112,900	8.1%	2,980	336.6
5	\$35,000 to \$43,200	53,200	3.8%	4,430	236.1
6	\$43,200 to \$52,500	24,200	1.7%	4,670	112.8
7	\$52,500 to \$64,400	17,000	1.2%	5,040	85.7
8	\$64,400 to \$80,200	22,500	1.6%	6,030	136.0
9	\$80,200 to \$109,600	16,100	1.2%	5,980	96.0
10	\$109,600 and over	16,300	1.2%	11,880	193.8
Total individual taxpayers		1,132,300	8.1%	1,800	2,035.1

Source PBO, *Policy Costing, Dividend imputation credit refunds*, PR18/00145, p.10.

Notes (a) Figures may not sum to totals due to rounding; (b) Based on the income of all taxpayers in 2014-15; (c) Calculated as the average franking credit refund of those individuals who received a refund in 2014-15; (d) Calculated as the number claiming excess franking credits multiplied by the average excess franking credits claimed.

2.9 The PBO estimated that in 2019-20, excluding Australian government pension and allowance recipients, the policy would affect:

- 840,000 individual taxpayers
- 210,000 self-managed superannuation funds (SMSFs), and
- 2,300 Australian Prudential Regulation Authority (APRA) regulated funds, including industry and retail funds.³

2.10 Table 2.2 provides the PBO's distributional analysis of SMSFs directly affected by the policy, by fund balance, based on 2014-15 data.

Table 2.2 SMSFs – Distribution by fund balance in 2014-15^(a)

Decile ^(b)	Fund balance range	Number of funds claiming excess franking credits	Percentage claiming excess franking credits	Average excess franking credits claimed (\$) ^(c)	Total excess franking credits claimed (\$m) ^(d)
1	\$0 to \$90,276	8,616	17.90%	1,391	12
2	\$90,277 to \$181,089	9,503	19.80%	1,137	10.8
3	\$181,090 to \$279,252	11,866	24.70%	1,900	22.5
4	\$279,253 to \$402,090	15,349	31.90%	2,890	44.4
5	\$402,091 to \$558,140	18,554	38.60%	4,088	75.8
6	\$558,141 to \$762,242	21,902	45.50%	5,611	122.9
7	\$762,243 to \$1,044,621	24,734	51.40%	7,532	186.3
8	\$1,044,622 to \$1,497,218	27,208	56.50%	10,468	284.8
9	\$1,497,219 to \$2,443,843	29,946	62.20%	15,652	468.7
10	\$2,443,843 and over	33,761	70.20%	40,468	1,366.20
Total SMSFs		201,439	41.9%	12,880	2,594.5

Source PBO, *Policy Costing, Dividend imputation credit refunds*, PR18/00145, p.11.

Notes (a) Figures may not sum to totals due to rounding; (b) Based on the fund balance of all self-managed superannuation funds in 2014-15; (c) Calculated as the average franking credit refund of those funds who received a refund in 2014-15; (d) Calculated as the number claiming excess franking credits multiplied by the average excess franking credits claimed.

2.11 It is accepted that the 2014-15 distributional data is out of date because it does not reflect the introduction of the \$1.6m transfer balance cap on 1 July 2017. This change limited the total amount of superannuation that can be transferred into the retirement phase.

3 PBO, *Policy Costing, Dividend imputation credit refunds*, PR18/00145, pp. 9-10.

Box 1: Personal accounts of how the policy may affect some individuals

‘How can Australians plan their retirement when the goalposts are constantly being changed for the worse and the playing field is so far from level that it is unfair?’

(Sam Linnell, *Transcript*, 26 February 2019, Norwood, p. 18)

‘Both my wife and I are self-funded retirees, like a lot of other people here. We're not retired millionaires, nor are we from the so-called big end of town. We are ordinary Australians who have worked hard, paid our taxes and saved as much as possible for what we hoped would be a comfortable retirement. We now find ourselves confronted with this unfair and discriminatory proposed new retiree's tax. What is most unfair about it is that it is a retrospective tax; it adversely affects decisions people like us and many others made many, many years ago.’ (Ron Hicks, *Transcript*, 8 February 2019, Chatswood, p. 4)

‘It is our money. We worked and paid taxes to support the elderly and now we should receive the same consideration. Time does not allow us to change financial arrangements that were carefully planned over 40 years ago. This should not be violated.’ (Pamela Alvarez, *Transcript*, 8 February 2019, Chatswood, p.8)

‘The ALP's plan to disallow franking credit refunds will have its greatest impact on older women—me being almost 92. Not only do older women claim the greatest number of franking credits as a group by age and gender, but they are also more likely to have little or no superannuation to fall back on.’ (Jo George, *Transcript*, 25 February 2019, Carlisle, p. 3)

‘My income currently is very low. I am actually entitled to a low-income card. That of course gives me no rewards financially. Basically, I'm living off the money that we saved, because my income at the moment is far less than what a pensioner earns. Is that the reward that you get for hard work in Australia?’ (Jan Hollingsworth, *Transcript*, 25 February 2019, Carlisle, p. 10)

‘We believe the policy as proposed by Labor is wholly inequitable and discriminates against certain segments of the community. This is an attack on the elderly Australians who have helped build this nation to be what it is today. We in Australia talk about fairness. This policy is unfair and very Australian.’ (Ian Moller, *Transcript*, 25 February 2019, Carlisle, p. 9)

‘My husband was a truck driver and worked in a factory. I worked with children and adults with disability. When my mother left me money, I thought, “That's lovely. Now I don't have to depend on the government.” It looks like I probably will have to. How do you think I feel, especially when it's such an unfair tax, that we're taxed twice?’ (Jenny Hopper, *Transcript*, 8 February 2019, Chatswood, p. 4)

Income profile of recipients

- 2.12 Many individuals and stakeholders highlighted the unfairness of the ALP's proposal to remove refundable franking credits and did not view the existing dividend imputation system as being inequitable.
- 2.13 National Seniors Australia remarked that self-funded retirees are not 'a homogenous group' and reported many 'are subsisting on relatively low-incomes with limited access to financial support in the form of subsidised health care or concessions on essential services.'⁴
- 2.14 The Alliance for a Fairer Retirement System (the Alliance) provided analysis showing that, in 2014-15, over half of those receiving cash refunds for their franking credits had incomes below the \$18,201 tax-free threshold of the time, and 96 per cent had taxable incomes of less than \$87,000.⁵
- 2.15 The Self-Managed Superannuation Fund Association argued the ALP's proposal represents 'poor policy', because:
- low rate taxpayers will effectively be paying a higher tax on their dividends through the loss of franking credits, and
 - individuals on higher taxable incomes will not lose the benefit of franking credits.⁶
- 2.16 The Alliance remarked that older women could be especially disadvantaged by the ALP's policy and that this would be concerning because older women are less likely to have adequate superannuation balances to fall back on.⁷ The Alliance noted that the policy has also been referred to as a 'widow's tax', and explained:
- Some people have referred to it as a widows' tax in that elderly women who have been left a bundle of blue-chip shares, which is quite often the case with older retail investors, are living on that income without being fully aware of where that income is going, and having very little capacity to reorganise their financial affairs.⁸

4 National Seniors Australia, *Submission 421*, p. 3.

5 Alliance for a Fairer Retirement System, *Submission 411*, Attachment A - 'Alliance Fact Sheet', p. 1.

6 Self-Managed Superannuation Fund Association, *Submission 420*, p. 4.

7 Professor Deborah Ralston, Chair, Alliance for a Fairer Retirement System, *Transcript*, 20 November 2018, Sydney, pp. 10-1.

8 Professor Deborah Ralston, Chair, Alliance for a Fairer Retirement System, *Transcript*, 20 November 2018, Sydney, p. 11.

- 2.17 Plato Investment Management Limited said the ALP's policy would 'regressively impact self-funded retirees investing directly or via SMSFs, and other low-income individuals', and explained:

Our modelling shows how those on the lowest incomes/ lowest investment balances are likely to lose the most in terms of percentage of income. This is particularly the case for direct investing self-funded retirees with the lowest taxable incomes, who are expected to lose the most in both absolute dollar and percentage of income terms.⁹

- 2.18 By contrast, the Australian Council of Social Service (ACOSS) support the ALP's policy and argued that taxable income is a poor indicator of a person's wealth:

As to who this would affect, there's quite a bit of confusion, I think, because much of the discussion is about taxable income. Taxable income gives no indication of the capacity-to-pay people in that zero-tax, post-retirement environment.

According to the PBO, a large share of the revenue that would be gained from this measure – the removal of imputation credit refunds – if it were implemented, would come from the top 20 per cent of SMSFs by assets which have balances of \$1 million and above.¹⁰

Possible increased dependence on the pension

- 2.19 The potential for the ALP's policy to increase dependence on the Age Pension was a common concern among those who made submissions or provided statements to the committee at the public hearings.

- 2.20 The Australian Shareholders' Association (ASA) claimed the ALP's policy will force many self-funded retirees onto the Age Pension and argued this 'defeats the purpose of the policy which is to decrease government expenditure.'¹¹ The ASA stated:

For some retirees, a decrease in franking income will result in an increase in their self-funded pension payments, which will diminish the capital available to support their self-funded

⁹ Plato Investment Management Limited, *Submission 407*, p. 1.

¹⁰ Dr Peter Davidson, Senior Adviser, Australian Council of Social Service, *Transcript*, 30 November 2018, Dee Why, New South Wales, p. 9.

¹¹ Australian Shareholders' Association, *Submission 119*, p. 4.

retirement, and more self-funded retirees would therefore start to rely on a part Age Pension sooner.¹²

- 2.21 Others argued the ALP's policy will create an incentive for retirees to draw down on capital in order to qualify for the Age Pension. Plato Investment Management Limited said:

Our modelling also indicates that there will be considerable incentive for self-funded retirees who are up to \$200,000 (\$400,000) above the current pension assets tax maximum for singles (couples) to spend those excess assets in order to qualify for a part pension and a full refund of franking credits.¹³

- 2.22 SMSF retiree Mr Russell Picton commented:

Since we retired, we have lost the part-pension, due to the current government altering the assets test limits. Now, when Labor takes over, we will lose our imputation credits because we are no longer pensioners. If they continue chipping away at our self-funding efforts, we may end up on the pension, which they don't want us to be on. This does not make any sense at all. If we want to reduce our assets to get on the pension, we are restricted to \$30,000 for our family over a five-year period. But if we go on a world holiday and spend one-half of our assets overseas, which is no good for Australia's economy, we're then under the assets test limit, which enables us to get on the pension.¹⁴

- 2.23 The Grattan Institute disputed the idea that retirees would draw down on assets to qualify for income support and said 'the analysis we've done suggests, if anything, that people are net savers in retirement'. The Grattan Institute explained:

Average people in their 70s have more wealth than when they were in their mid-60s, so they're actually contributing to their nest egg during that period when we would actually expect that they would be drawing down their assets.

Currently there is also an incentive for people to reduce their assets to go on the pension – there are benefits available to a pensioner, such as healthcare concessions et cetera – yet we don't see people behaving in this way.¹⁵

12 Australian Shareholders' Association, *Submission 119*, p. 4.

13 Plato Investment Management Ltd., *Submission 407*, p. 1.

14 Mr Russell Picton, *Transcript*, 30 January 2019, Alexandra Headland, p. 5.

15 Ms Danielle Wood, Program Director, Budget Policy and Institutional Reform, Grattan Institute, *Transcript*, 22 November 2019, Melbourne, p. 34.

Box 2: Claims those on modest incomes will be affected

‘We are not wealthy by Labor's definition of \$2.4 million—nowhere near it. We've saved and worked hard to accumulate sufficient savings to replace the government pension with our own self-funded income stream. We don't want to be on the government pension.’

(Peter Black, *Transcript*, 30 November 2018, Dee Why, New South Wales, p. 9)

‘...we will see a reduction of approximately 20 to 26 per cent, depending on the year, in our cash flow. We may have to reduce the scale of our private health insurance at a time when we are more likely to actually need it.’ (Doug Cummings, *Transcript*, 20 November 2018, Sydney, p. 50)

‘If Labor Party policy is implemented, we will lose \$18,150 per annum, or \$349 per week. There is no prospect of covering this shortfall. This policy would fast-track us toward the old-age pension. Major expenses like our health insurance would have to be reconsidered.’ (Alistair Daley, *Transcript*, 20 November 2018, Sydney, p. 50)

‘This Labor policy will reduce our retirement income by around 25 per cent, or about \$15,000 a year, based on our last tax return. This income will leave us marginally above the couples full age pension rate, but we will not receive the associated pension benefits. Our net position will be that we're worse off than couples on the full pension, including the value of associated benefits.’ (David Warner, *Transcript*, 30 January 2019, Paddington, Queensland, p. 4)

‘We are not wealthy and planned to retire on a modest income. These changes to the franking credit refunds are estimated to reduce our income by 22%. We are not wealthy, why are they attacking our lifestyle at this stage of our lives when we have no chance to recover the lost income?’ (Name withheld, *Submission 1057*, p.1)

‘My husband and I are a retired couple in our 70s, entirely reliant on our SMSF for income. We are not rich. We do not qualify for the age pension. And, yes, we will lose about 12.5 per cent of our income.’ (Pauline Bartle, *Transcript*, 8 February 2019, Chatswood, New South Wales, p. 5)

‘It seems to me wrong that they're going to take that surplus imputation credit from us and give it back to us as welfare. We can't go back. We can't turn the clock back. We obeyed the rules of the day. We can't go back and start again.’ (Ray Trestrail, *Transcript*, 30 January 2019, Alexandra Headland, Queensland, p.7)

- 2.24 A number of people who claim they will be affected by the ALP's policy expressed concern that franking credits will still be included against assessable income for access to other public benefits including the Commonwealth Seniors Health Card. For example, Mr John Gates said 'I'm going to lose my card. What's the effect? When I lose my card, I lose my pharmaceutical benefits. So does my wife. We also lose our free access to X-rays, scans, MRIs etc.'¹⁶

Stress and complexity for older Australians

- 2.25 Much of the evidence provided to this inquiry details the concerns of Australians who claim they would be financially affected by the ALP's policy. While individual circumstances vary among those who made submissions or spoke at public hearings, two commonly expressed concerns were:

- increased stress arising from the threat of reduced income, and
- increased complexity arising from the need for some to alter their financial arrangements, particularly for older Australians.

- 2.26 A range of people claimed that they are on modest incomes, and are unlikely to be able to go back into the workforce to make up for the income they will lose as a result of the ALP's policy. For example, Mr Chris Young, a SMSF retiree, said:

At our stage of life my wife and I have no ability to adjust our investment decisions to replace the projected loss of income. We cannot go back to work or sell out and buy overseas shares or property.¹⁷

- 2.27 Mr Michael Nordstrom said that he retired three months before the ALP's policy announcement, and has subsequently gone back to work:

With Labor's announcement of its plan to deny the cash refund of franking credits, retirement savings plans my wife and I had made over decades based on stable government tax policy that had been in place with bipartisan support with Labor and Liberal governments for 18 years were shattered. I was so distressed that I found part-time casual employment to offset the financial impact.

I am fortunate. Many people our age are trapped without opportunity or ability to work and are not eligible for the age pension until age 67; I am still six years away from that. Labor's

16 Mr John Gates, *Transcript*, 20 March 2019, Mount Martha, p. 5.

17 Mr Chris Young, *Transcript*, 4 February 2019, Merimbula, p. 4.

pensioner guarantee is of no use to people like us, who are too young for the age pension.¹⁸

- 2.28 Generation Wealth Partners commented that many of his clients ‘understand it will add to existing financial pressures and anxieties’, noting some will see a loss of income of between 20 and 30 per annum.¹⁹ Generation Wealth Partners said:

This seems to be a rather cruel reduction of disposable income which will be suffered most by people who have retired and have no ability to work longer or appropriately adjust their financial affairs.²⁰

- 2.29 Some of those affected claimed they would need to engage financial advisors as a result of the policy, and expressed their concern about this potential additional cost and complexity. Former stockbroker and retiree Mr Harold Shapiro said many of those affected are ‘unsophisticated investors’ and explained:

Those individuals will have invested in solid, blue-chip-dividend-listed securities and will now face the stressful dilemma of either totally sacrificing their lost income or trying to replace it with alternative, high-yielding investments.²¹

- 2.30 Other individuals and stakeholders²² claimed there would be a reduction in charitable donations as a consequence of the ALP’s policy. For example, SMSF retiree Dr John Mayo said:

The major thing is the impact this will have on charities’ donation income...I think I could say, anecdotally, that the average retiree is pro rata going to be doing more to support charities, financially and in volunteer work, than the average person who is earning an income, paying off their house, paying their mortgage and bringing up their children.²³

18 Mr Michael Nordstrom, *Transcript*, 26 February 2019, Norwood, p. 16.

19 Mr Joe Jutrisa, Director/Financial Adviser, Generation Wealth Partners, *Transcript*, 20 November 2018, Sydney, p. 33.

20 Mr Joe Jutrisa, Director/Financial Adviser, Generation Wealth Partners, *Transcript*, 20 November 2018, Sydney, p. 33.

21 Mr Shapiro, *Transcript*, 8 February 2019, Bondi Junction, p. 7.

22 Law Council of Australia, *Submission 426*, p. 3.

23 Dr John Mayo, *Transcript*, 29 January 2019, Townsville, p. 2.

Box 3: Claims the ALP's policy is discriminatory

'To allow one citizen a tax credit and deny another citizen the same credit would be blatant discrimination. It is also discriminatory that a retiree with their superannuation in an industry fund will still receive the benefit from imputation credits.' (Keith Muller, *Transcript*, 30 January 2019, Alexandra Headland, p. 3)

'In regard to Labor's plan to introduce a retirement and pensioner tax, I believe it is discriminatory to tax people on the basis of who manages their super. It's also discriminatory to favour people on government pensions up to a certain date over those who qualify for a pension after that date.' (Kevin Farrell, *Transcript*, 30 January 2019, Alexandra Headland, p. 8)

'The proposal fails the essential integrity tests of equity and neutrality. It is this failure that is made worse by the exemptions given to unions and other not-for-profits and pensioners. If Labor has a problem with self-managed super funds it should go after them directly and leave the self-funded retirees alone and not make a shambles of the system of company tax profits.' (Steve Martin, *Transcript*, 30 November 2018, Dee Why, p.39)

'There are some issues in the proposal that I think are unfair. One that's very blatant is the fact that they intend to allow the part-pensioners to keep their franking credits. So in that instance there will be quite a few part-pensioners who will then be better off than fully funded retirees. We don't ask the government for anything, but we do want to be left alone. We want to be able to keep what we have earned and what is rightfully ours.'

(Patrice Butterworth, *Transcript*, 30 January 2019, Alexandra Headland, p.6)

'...the only way I can avoid this is actually to go and get a job and try to earn some money outside so I can get tax to get the offsets which other people are able to draw on. So I think this is a cruel and unfair grab for tax. Who can afford to hand out \$18,000 out of their living expenses because the government needs money?' (Noel Wendt, *Transcript*, 30 January 2019, Paddington, Queensland, p.2)

'I never, ever expected, in this day and age when there is so much discussion about fairness, that a proposed government would change the rules once we'd started playing. Try doing that in a football match. It's just not right. We made these plans on the basis of what was law, what was legislated. To now pull the rug out from under us and a million other people who are not in a position to rebuild their finances, to go and get a job, is grossly unfair.'

(Margo Kalkman, *Transcript*, 31 January 2019, Eight Mile Plains, p.8)

Claims the policy undermines SMSFs

- 2.31 Many of those who made submissions or spoke at the public hearings argued that the ALP's policy is discriminatory because, they claim, it will unfairly affect retirees in SMSFs.
- 2.32 The committee also heard that, under the ALP policy, franking credits would not offset the total tax liability for superannuation accounts in the accumulation phase and that this effectively exempts industry funds and some retail funds. The Alliance said that, in doing so, the policy creates a two-tiered superannuation system, which is unfair and discriminatory.²⁴
- 2.33 The Institute of Public Accountants argued the ALP's policy is 'grossly unfair' because it affects SMSFs but not APRA-regulated funds:
- [The policy] unfairly discriminates SMSFs and creates a distinction between SMSFs and large industry and retail funds, including the Future Fund. The policy change impacts SMSF differently to other segments and this creates an uneven playing field. Pooled funds will become a more attractive option for SMSF members as they will continue to make full use of all the credits they receive whereas SMSFs may not have enough tax liabilities to offset the full value of any imputation credits they receive.²⁵
- 2.34 Similarly, CPA Australia claimed Labor's policy is 'highly iniquitous and punitive, creating a two-class system of "haves and have-nots"'.²⁶ CPA Australia explained:
- The so-called "haves" are industry and retail super funds, and high-income earners who will be able to use their franking credits to offset other tax liabilities. The have-nots would be certain self-managed super funds (SMSFs) and low-income investors including pensioners.²⁷
- 2.35 National Seniors Australia claimed the ALP's policy discriminates against self-funded retirees in favour of those drawing an Age Pension because it affects retirees on modest incomes differently depending on whether they were eligible for a part or full Age Pension before 28 March 2018 under the ALP's pensioner guarantee.²⁸

24 Professor Deborah Ralston, Chair, Alliance for a Fairer Retirement System, *Transcript*, 20 November 2018, Sydney, p. 17.

25 Institute of Public Accountants, *Submission 418*, p. 7.

26 CPA Australia, *Submission 424*, p. 1.

27 CPA Australia, *Submission 424*, p. 1.

28 Mr Graeme Bottrill, National President, Australian Investors Association, *Transcript*, 20 November 2018, Sydney, p. 22

Possible impact on share market

2.36 Some of those who gave evidence claimed that the ALP's proposal will reduce the value of Australian shares, reduce investment in Australian companies and lead to more Australians investing overseas.

2.37 For example, the Alliance argued that the current dividend imputation system incentivises investment in Australian companies and that the ALP's policy would drive down share prices, particularly for the Australian banks:

By enabling capital formation in Australia, the current dividend imputation policy enhances investment in Australia, which in turn generates tax revenue (franking credits are not earned on foreign income) and the prosperity gains are enjoyed by Australian shareholders. This will change as investors move away from investing in dividend-paying Australian companies. While the move into international equities is good for diversification in an investment portfolio, a recent Citigroup report suggests the policy if implemented will reduce local investor demand for high dividend-paying companies and may see a decline of 5-10% in the share price of the major banks.²⁹

2.38 The Financial Services Council claimed that 'changes to franking refunds are likely to mean Australians invest more offshore. To replace the lost domestic investment, this will require an increase in foreign investment into Australia.'³⁰

2.39 By contrast, Economist Mr Stephen Koukoulas argued that the current dividend imputation distorts 'the way we Australians invest our savings.'³¹ He said:

Many investors put money into companies that pay high, fully franked dividends regardless of the underlying strength or the potential of that business. Look at Telstra; look at the banks. It is uneducated and lazy investing recommended by lazy financial planners.

...It is only the dividend, not the underlying strength of the business that guides much of the investment process. It is one reason why the Australian stock market is 15 per cent below the level of 2007, and this is while the US, German, Canadian and UK stock markets are substantially higher. None of these countries

29 The Alliance, *Submission 411*, p. 7.

30 Financial Services Council, *Submission 429*, p. 16.

31 Mr Stephen Koukoulas, *Transcript*, 8 February 2019, Bondi Junction, p. 10.

have refundable franking credits. Investors in those countries provide finance to dynamic growth companies and strong businesses. In Australia, such companies are often shunned by investors because they pay no or low dividends. Investors instead place their money with what are average firms that structure their businesses according to the tax distortions.³²

Support for the policy

- 2.40 A number of stakeholders and individuals gave evidence in favour of the ALP's proposal to remove refundable franking credits for all but those on income support. For example, the Grattan Institute, The Australia Institute, Industry Super Australia and the Australian Council of Social Service support the proposal because they believe it will mainly affect wealthy Australians, and that it is necessary to make the Budget sustainable.³³
- 2.41 The Australia Institute argue that dividend imputation 'has never been well understood and there is only a small group of very wealthy Australians who would miss it.'³⁴ The Australia Institute estimate its abolition 'could save the government around \$35 billion per annum by the end of the forward estimates (2020-21).'³⁵
- 2.42 According to the Australia Institute, the wealthy are the main beneficiaries of franking credits. It stated that, of those people who lodged a tax return in 2014-15:
- 1.4 per cent of the population earned \$250,000 or more but received 37.1 per cent of the total franking credits.
 - 3.5 per cent earned \$150,000 to \$250,000 and received almost 17 per cent of the franking credits
 - 0.08 per cent (11,128) people earned \$1 million or more and received 65.7 per cent of the franking credits.³⁶
- 2.43 The Grattan Institute use the analysis of the proposal by the Parliamentary Budget Office (PBO) to argue that the policy 'is a fair way

32 Mr Stephen Koukoulas, *Transcript*, 8 February 2019, Bondi Junction, p. 10.

33 Grattan Institute, *Submission 435*, pp. 3-8, pp. 10-11; The Australia Institute, *Submission 410*, p. 5; Industry Super Australia, *Submission 414*, p. 11. Australian Council of Social Service, *Submission 431*, p. 2.

34 The Australia Institute, *Submission 410*, p. 8

35 The Australia Institute, *Submission 410*, p. 8

36 The Australia Institute, *Submission 410*, p. 4

to help improve the budget and wind back the growing intergenerational transfers in our tax system.’³⁷ The Grattan Institute said the policy ‘will make a substantial contribution to budget repair.’³⁸

- 2.44 Similarly, Industry Super Australia drew on the PBO analysis to argue ‘the vast majority of retirees will be unaffected by the proposal and the wealthy are the beneficiaries of most of the refunds of franking credit for non-pensioners.’³⁹
- 2.45 Industry Super Australia said that the policy will ‘add significantly to the sustainability of the revenue base’, noting that annual cash imputation credits paid to non-pensioners with shareholdings are ‘broadly equivalent to total annual expenditure on Veterans Affairs income support and disability payments.’⁴⁰
- 2.46 The Australian Council of Social Service argued that those most affected by the proposal are mostly wealthy people who can afford to make a bigger contribution in tax:

Those most adversely affected by the removal of refundable imputation credits would for the most part be relatively wealthy people with substantial income from self-managed superannuation funds, who pay little or no income tax due to a combination of the generous tax treatment of superannuation post-retirement and the Seniors and Pensioners Tax Offset. It would be misleading to describe this group as ‘low income-earners’, as their taxable incomes are a poor measure of their ability to pay. Most can well afford to contribute more to the future costs of health and aged care.’⁴¹

- 2.47 SMSF retiree Mr Malcolm Faul noted the policy ‘will cost me a significant amount of money, but I think it’s the right thing to do’. Mr Faul explained:

We’ve been subsidised throughout our working lives by contributions to super being lightly taxed. We’re subsidising our retirement by having tax-free income, which was not always the case. We’ve had it pretty good. Maybe there are some adjustments

37 Grattan Institute, *Submission 435*, p. 1. The Grattan Institute favours more substantial reforms, which it argues ‘would achieve the same benefits but without some of the investment-distorting effects of Labor’s policy.’ (p. 1) These reforms include ‘taxing superannuation earnings in the pension phase at 15 per cent (super distributions would remain tax free) and winding back the Seniors and Pensioners Tax Offset.’ (p. 1)

38 Grattan Institute, *Submission 435*, p. 2.

39 *Industry Super Australia*, *Submission 414*, p. 4.

40 *Industry Super Australia*, *Submission 414*, p. 11

41 Australian Council of Social Service, *Submission 431*, p. 2.

needed – maybe some feed-in time is required – and I think industry funds should not be favoured over self-funded retirees. If that's part of the proposal, I'm against it.⁴²

- 2.48 Another witness supported the ALP's proposal and took issue with the description by many participants of the policy as a retiree tax:

It is not a tax. It is nothing like a tax. It is a removal of a tax rebate for people who pay no tax. This is not money that these people have earned. This money comes out of other taxpayers' pockets in such a large amount that it would cover the funding of public schools all across Australia.⁴³

- 2.49 Mr Stephen Koukoulas argued that the policy would be positive for the economy and that the current dividend imputation system was harming investment in Australian technology and start-up companies:

The Australian tax distortions mean that local entrepreneurial firms have to access their capital from overseas because the money here is tied up in dinosaur companies that pay high dividends. It's one reason why so many 21st century technology and start-up firms in Australia head overseas to pursue their business models – they cannot get capital in Australia. This costs the Australian economy growth and jobs.

With the policy on refundable franking credits, there will be a greater incentive for people to invest in companies and other assets for reasons of growth and entrepreneurial flair, which will be beneficial to our economy and jobs and will be good for the long-term future of the Australian economy and, in the process, will start to reduce Australia's government debt.⁴⁴

Options

- 2.50 While many opponents of the ALP's policy called for it to be rejected outright, several options were proposed to limit the policy's impact on those with low incomes or to allow people more time to rearrange their financial affairs. These options include capping refunds, grandfathering existing arrangements and delaying the start date of the ALP's policy.

42 Mr Malcolm Faul, *Transcript*, 19 March 2019, Malvern, p. 15.

43 Name withheld, *Transcript*, 19 March 2019, Chatswood, p. 11.

44 Mr Stephen Koukoulas, *Transcript*, 8 February 2019, Bondi Junction, p. 10.

Box 4: Claims the policy has led to uncertainty for SMSF retirees

‘We have a great deal of uncertainty about what the future holds for us, but it's particularly dangerous when it becomes apparent that there is now uncertainty about the past. I think that anybody who is proposing these sorts of things ought to consider that. It particularly applies to people who are in much less of a position to be able to adjust their future earnings because of their age, their infirmity and all those sorts of things.’ (Michael Murphy, *Transcript*, 31 January 2019, Eight Mile Plains, p. 5)

‘The federal opposition stated that they are giving us time to rearrange our investments to overcome this massive policy change. Given the current investment climate any change to recover our lost 15 per cent would involve potentially greater risk and therefore increased prospect of reduced income in future years.’ (Campbell Edmondson, *Transcript*, 20 November 2018, Sydney, p. 49)

‘This will lower our income by approximately 15 per cent per annum, which is over a thousand dollars a month in pay. Our only means of replacing this income is to run down our capital at a much faster rate and, at some stage in the future, become reliant on government handouts. So, at a stroke of the pen, our retirement plans, worked towards as payee taxpayers, are null and void.’ (Rhonda Cadzow, *Transcript*, 31 January 2019, Upper Coomera, p. 7)

‘We need to stop the continual changes. Super is the income stream of all retirees now and in the future. Future generations are becoming increasingly hesitant about tax and about super. Canberra needs to reward those who plan their future finance.’ (Carolyn Baker, *Transcript*, 31 January 2019, Upper Coomera, p. 15)

‘I retired five years ago believing we had been proactive in funding our own retirement. I now realise, stunned, that all we have planned and worked towards and thought we had achieved according to the rules of the day could be undone if the policy of scrapping the refund of excess credits is implemented. I cannot go back and start again.’ (Cyril Gaudart, *Transcript*, 30 January 2019, Alexandra Headland, Queensland, p. 6)

‘All I care about is that I have enough income in future years to cover my household and medical expenses. I have already downsized to reduce my living costs. My fridge is 30 years old. My car is 16 years old. I worry that if Labor's franking credit policy is introduced I won't have enough money to cover my medical costs. Without my two private prescriptions I would be in so much pain that I wouldn't be well enough to continue living independently in my home. Quite frankly, I fear for my future pension.’ (Mary Starck, *Transcript*, 26 February 2019, Norwood, p. 25)

Reject the policy outright

- 2.51 Many of those claiming to be affected by the ALP's policy, like Mr Charles Duncan, called for the policy to be abandoned:

It is wrong. It is unconscionable. It is unfair – it is grossly unfair. I really have to hope fervently that the parliament will have the courage to realise that this is a bad policy and to abandon it before it becomes law.⁴⁵

- 2.52 Similarly, Wilson Asset Management said there should be no change to the current dividend imputation system and argued the ALP's policy would not result in the cost savings being claimed. Wilson Asset Management said 'the flow-on effects will damage the Australian economy and disproportionately burden low-income earners and retirees.'⁴⁶

Cap refunds

- 2.53 A number of stakeholders and individuals called for the ALP to introduce a cap on the value of refunds. For example, the ASA opposed the policy, but said that limiting the refund 'to a minimum amount for people on lower incomes' should be canvassed. The ASA said such a cap 'would not come at a huge budgetary cost and could be phased out over time.'⁴⁷

- 2.54 Similarly, the Association of Superannuation Funds of Australia said:

...if there is a concern about individuals with large retirement savings receiving the benefit of refundable franking credits then imposing an appropriate cap on the benefits of refundable franking credits should be considered.⁴⁸

- 2.55 Mr Peter Vincent, a SMSF retiree, called for the ALP to compromise on its policy and introduce a cap:

I say to the Labor Party, there has to be some form of compromise...It's really easy, if you feel that the system is being blighted by the wealthy, even though what you've heard today probably dismisses a lot of that, then you can put a cap.⁴⁹

45 Mr Charles Duncan, *Transcript*, 31 January 2019, Upper Coomera, p. 12

46 Mr Geoff Wilson AO, Chairman, Wilson Asset Management, *Transcript*, 30 November 2018, Dee Why, p. 2.

47 Australian Shareholders' Association, *Submission 119*, p. 11.

48 Association of Superannuation Funds of Australia, *Submission 427*, p. 2

49 Mr Peter Vincent, *Transcript*, 8 February 2019, Bondi Junction, p. 16.

- 2.56 SMSF retiree Mr Hicks called for the policy to be modified to include a cap of between \$8,000 and \$10,000 on a taxpayer's refundable franking credits and said 'by making this a fixed, non-indexed sum, its effect on the budget will be reduced over time by inflation.'⁵⁰
- 2.57 The Australian Investors Association said that a cap could lessen the impact of the policy on those with low incomes:
- There have been suggestions of a cap on the refundability of franking credits and figures of \$10,000 or \$15,000 have been mentioned. If that were the outcome, that would improve things a little bit, but maybe not enough.⁵¹

Grandfather existing users

- 2.58 Other stakeholders and individuals who oppose the policy said that if it is introduced, any changes should be grandfathered. For example, the ASA called for the ALP to 'introduce grandfathering arrangements, so that those on modest incomes in retirement are not pushed onto the Age Pension.'⁵²
- 2.59 SMSF retiree Mr Cyril Gaudart said 'there are alternative compromises, the first one being: don't have that policy. But, if you have to have it, grandfather it so people like us, who have had our time, paid our dues, are not penalised.'⁵³
- 2.60 Similarly, SMSF retiree Mr Noel Wendt said:
- It's supposed to be affecting the wealthy and stopping rorting. Well, I'd suggest there are many retirees with very modest means who are being affected by this. Anyone already in retirement with their super fund, I believe, should be grandfathered so that they are allowed to draw the funds, because you shouldn't be messing with superannuation and retirement planning, which is a long-term process.⁵⁴

Delay the start date

- 2.61 Several of those who claim they would be affected by the policy called for the ALP to delay the policy's start date. For example, SMSF retiree Mr Edward Ion said:

50 Mr Ron Hicks, *Transcript*, 8 February 2018, Chatswood, p. 6.

51 Mr Graeme Bottrill, National President, Australian Investors Association, *Transcript*, 20 November 2018, Sydney, p. 24

52 Australian Shareholders' Association, *Submission 119*, p. 11.

53 Mr Cyril Gaudart, *Transcript*, 30 January 2019, Alexandra Headland, p. 6.

54 Mr Noel Wendt, *Transcript*, 30 January 2019, Paddington, p. 2.

Changes to the retirement age pension access and asset limits were phased in over time to not disadvantage those already retired or approaching retirement and who had planned ahead for the event. Bringing in any changes to franking credit rebates would be must be similarly treated to avoid disadvantaging any group.⁵⁵

- 2.62 Another SMSF retiree said ‘it is totally unfair to make such a large change at the stroke of a pen’ and called for the policy either to be grandfathered or ‘phased in gradually over say three- to five-year period.’⁵⁶
- 2.63 Similarly, SMSF retiree Mr Dan Steiner called for the policy to be grandfathered, a cap to be placed on refunds or for the changes to be phased in over a period of time. Mr Steiner noted that ‘tax cuts are phased in over a period of time’ and argued that ‘this is, from my perspective, certainly a tax.’⁵⁷

Conclusion

- 2.64 The committee has considered the case for removing refundable franking credits for individuals and SMSFs and is of the view the policy is inequitable, deeply flawed and the timeline is rushed.
- 2.65 In particular, the ALP’s policy will unfairly hit people of modest incomes who have already retired, and who are unlikely to be able to return to the workforce to make up for the income they will lose.
- 2.66 In doing so, the ALP’s policy will force many people, who have saved throughout their lives to be independent in retirement, onto the Age Pension. This defeats the stated purpose of the policy, which is to raise revenue.
- 2.67 The ALP has said that its policy to scrap refundable franking credits is designed to tax the wealthy. This is an unfair and untrue characterisation of the 900, 000 Australians who will be affected by the ALP’s policy, and the distributional data relied upon to assess the distribution of refundable franking credits does not factor in the introduction of the transfer balance cap.
- 2.68 The Alliance for a Fairer Retirement System claims that, in 2014-15, over half of those receiving cash refunds for their franking credits had incomes below the \$18,201 tax-free threshold of the time, and 96 per cent

55 Mr Edward Ion, *Transcript*, 25 February 2019, Guildford, p. 6.

56 Name withheld, *Transcript*, 30 January 2019, Paddington, p. 7.

57 Mr Dan Steiner, *Transcript*, 26 March 2019, Canberra, p. 3.

had taxable incomes of less than \$87,000.⁵⁸ These people are hardly wealthy, yet they stand to lose up to 30 per cent of their income under the ALP's plan.

- 2.69 Furthermore, as Treasurer Frydenberg has noted, if the ALP's policy went ahead, a person with a high taxable income of \$200,000 a year and who is receiving a \$7000 dividend on their shares would still receive all of their \$3000 franking credits.⁵⁹
- 2.70 However, a retiree with a SMSF in pension phase will not be refunded their franking credits. A person with a low income under the tax-free threshold, for example a grandchild who has inherited some shares, will also lose their franking credits.
- 2.71 The policy discriminates against retirees in SMSFs, in favour of members of APRA-regulated industry and retail superannuation funds, and those eligible to receive a part or full Aged Pension before 28 March 2018.
- 2.72 The policy may also reduce the value of some Australian shares and reduce investment in Australian companies.
- 2.73 A range of submitters were concerned about the need to rearrange their investments, and to reduce spending, particularly on private health insurance and charitable donations as a consequence of the ALP's policy.
- 2.74 The committee is concerned that these serious policy implications have not been addressed by the ALP.
- 2.75 In consideration of the evidence received during this inquiry, the committee does not support any change to the refundability of franking credits and calls on the ALP to abandon its unfair policy.

Recommendation 1

- 2.76 **The committee recommends against the removal of refundable franking credits.**

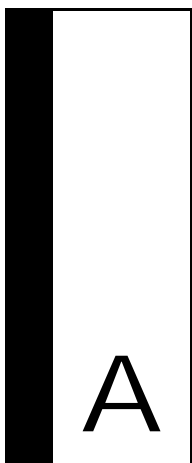
58 Alliance for a Fairer Retirement System, *Submission 411*, Attachment A - 'Alliance Fact Sheet', p. 1.

59 The Treasurer, The Hon Josh Frydenberg MP, 'Labor's Retirees Tax Hits Hard Working Australians', *Media Release*, 21 January 2019.

Recommendation 2

- 2.77 The committee recommends any policy that could reduce Australian retirees' income by up to a third should only be considered as part of an equitable package for wholesale tax reform.

Tim Wilson MP
Chair
1 April 2019



Appendix A – List of submissions

1	Name Withheld	23	Evelyn Turner	47	Mr John Hockett
2	Mr Peter Robinson	24	David Dolan	47.1	Supplementary submission
3	Mr Rodney Morris	25	Ash Nelson		
4	Name Withheld	26	Name Withheld	48	Peter Murphy
5	Name Withheld	27	Name Withheld	49	George Harris
6	Name Withheld	28	Stella Wade	50	Jillian Thomas
7	Name Withheld	29	Alan Johnston	51	Harold Shapiro
8	Dr Rob Morrison	30	Ted Knowles	52	Ross Wright
9	Mrs Ruth Gates	31	Jim Pembroke	53	Barry O'Callaghan
10	Mr John Yadviga Howie	32	Stuart Wilson	54	Kay Lee
11	Name Withheld	33	Paul Vergano	55	Colin Ker
12	Name Withheld	34	Jeff Nolan	56	Ian Parker
13	Name Withheld	35	Name Withheld	57	Evan Parker
14	Bruce & Marg Menzies	36	Ronald Cornish	58	Karen Prior
15	Nicky Younger	37	Greg Perryman	59	Andy Condliffe
16	George Sutton	38	Graham Gillies	60	Richard Stevens
17	Adam Shanahan	39	Maureen Mitchell	61	Chris Turner
18	David Speedy	40	Rob Garnsworthy	62	Tom Caldwell
19	Peter Davie	41	Stephen O'Rourke	63	Name Withheld
20	Bruce Aulabaugh	42	Timothy Miles	64	Mr Ronald Cross
21	Charles Davies Scourfield	43	Ron Fox	65	Name Withheld
22	Peter Matters	44	Heather Martin	66	Name Withheld
		45	Bob Norington	67	Name Withheld
		46	Peter Brown	68	Ms Elizabeth Cross

69	Name Withheld	101	Name Withheld	133	Robert Murray
70	Name Withheld	102	Name Withheld	134	Julie Stapleton
71	Name Withheld	103	Daisy Veitch	135	Ron Lever
72	Name Withheld	104	Christopher Gentle	136	Brian Cantwell
73	Name Withheld	105	Vicki Harper	137	Bruce Warren
74	Mr Gavin Fredric	106	Jo Corte	138	Graham Schmidt
75	Name Withheld	107	Paul Kloeden	139	Harry & Helen Green
76	Mr Adrian Sumner	108	Jack Lunn	140	Wendy Jack
77	Michael Kopittke	109	Roger Joyce	141	Julian Colebrook
78	Richard Thomas	110	Mr Michael Lawry	142	Peter Walter
79	Beth Facer	111	Mr Alan Spencer	143	Ron Brooks
80	John Laurie	112	Alex Payne	144	Michael Powell
81	Michael Mahoney	113	Name Withheld	145	Dean Lines
82	Name Withheld	114	Oliver Raymond	146	Bill Guthrie
83	Laurie Scott	115	Bruce Fryer	147	Name Withheld
84	Margaret Graydon	116	Name Withheld	148	Name Withheld
85	Suzanne Whalley	117	Mr Brian King	149	Name Withheld
86	Trevor Ridgway	118	Mr David Alexander	150	Alan Aitken
87	Dennis Leman	119	Australian Shareholder's Association	151	Association of Independent Retirees, Mandurah Branch
88	Geoffrey Holliday	120	Mr Peter O'Carroll	152	Frederick Lunn
89	Paul Larsen	121	Dr Peter Wells	153	Doug and Judy Cummings
90	Dennis Armstrong	122	Name Withheld	154	John Hails
91	Michael Willett	123	Jonathan Alroe	155	Rosemary Boreham
92	Marjorie Rauschenberger	124	Craig Butters	156	Name Withheld
93	Robert Haydon	125	John White	157	Kingsley Family Super Fund
94	John & Lynette Gates	126	John Blainey	158	Associate Professor Geoff Warren
95	Graham Cave	127	Paddy Durack	159	Name Withheld
96	Jim Ridley	128	Peter Kempen	160	Name Withheld
97	John Southcombe	129	Joe O'Halloran		
98	Ken Dowrick	130	Ian Macaulay		
99	Ian Thomas	131	Rohan Stone		
100	Ron Johnson	132	Trevor Jonas		

161	Mr Peter Wood	192	Chand Khanna	224	Tasman Brown
162	Name Withheld	193	Chris Brunero	225	Name Withheld
163	Dr Gary Bacon	194	Harold Stead	226	Ross Lindgren
164	Mr Christopher O'Neill	195	Marlene Lomman	227	Trevor Amies
165	Name Withheld	196	Phil Bathols	228	Name Withheld
166	Mr Dennis O'Brien	197	Michael Dunn	229	GEM Capital Financial Advice Pty Ltd
167	Ian Parsons	198	Lorraine Bochsler	230	Dr Bronwen Robinson
168	Eunice Maclean	200	Joe & Judy Mellis	231	Name Withheld
169	Gregory White	201	Alan Wilson	232	Name Withheld
170	Tracy Horsley	202	Alan Loble	233	Name Withheld
171	Kevin Leslie	203	John Densley	234	Tony Allan
172	Alistair Stewart	204	John Richards	235	Name Withheld
173	Terry Pitt	205	Selwyn Lever	236	William Watson
174	Roderick Murray	206	Chris McGowan	237	Craig & Mary Townsend
175	Andrew & Janet Butlin	207	Lindsay Wapper	238	Robert McNaught
176	Peter Turnbull	208	Chris Godfrey	239	Carolyn and Michael Ayre
177	D Slater	209	Annesley Abraham	240	Gary Jude
178	Lance Jennison	210	Judy & Vince Mahon	241	Name Withheld
179	Stephen Crawshaw	211	Marion Schwarzrock	242	Ian Barker
180	Kay Park	212	Nicholaas Burger	243	Name Withheld
181	Neil Warner	213	Andy Durant	244	Mr Don Boettcher
182	Peter Jones	214	Geoff Dunn	245	Alan Shields
183	Bill Fary	215	Diana Anderson	246	Name Withheld
184	Alan and Naomi Mather	216	Judy Halbedl	247	Name Withheld
185	John Adams	217	Helen Hender	248	Name Withheld
186	Ian Bradford	218	Mr Jack O'Donnell	249	Mr Tim Playne
187	John Duncan	219	Mrs Jane Abbott	250	Errol Chant
188	Frederick & Diana Trotman	220	Mr Ross Peterkin	251	Mr Thomas Booler
189	Stephen Anthony	221	David Haimes	252	Mr John Simkiss
190	Stewart Bayford	222	Ms Lorraine Graham	253	Mr Denis Blom
191	Philip Custance	223	Mr Geoff Kay		

254	Mr Peter Elton	286	Judith & David	314	Colin Williams
255	Mrs Micheline Elton		Rostron	315	Daryl Davies
		288	Robin Percy	316	Peter Blackband
256	Mr Warwick Austin	289	M Thomas	317	Michael Davey
		290	Ken Pearse	318	Denise Critchley
257	Name Withheld	291	Sub-Group	319	John Bonnett
258	Mr Trevor Dawson		Committee of the	320	Jane Hildebrant
259	Name Withheld		Albury-Wodonga	320.1	Supplementary submission
260	Name Withheld		Regional Branch of		
262	Name Withheld		the Association of	320.2	Supplementary submission
263	Name Withheld		Independent		
			Retirees		
264	Name Withheld	292	Rex Barber	321	Geoffrey Cohen
265	Mr Peter Coghlan	293	Louise Duncan	322	John Critchley
266	Dr Malcolm Campbell	294	Cliff Kent	323	Robert Boulton
		295	James Sheppard	324	Trevor & Margot Ling
267	Name Withheld	296	Robert Rowell		
268	Mr Anthony Guy	297	Barbara Proctor	325	Elaine Bromley
269	Mr James Foran	298	Robin	326	Ian Boscence
			Ramsbotham	327	Brian Cox
270	Platinum Asset Management	299	Ken & Aija Riekie	328	Donald Corrigan
271	Name Withheld	300	Ron Bowden	329	Name Withheld
272	Name Withheld	301	John Stapleton	330	Craig Brown
273	Name Withheld	302	Anne Pace	331	Bob Edmonds
274	Name Withheld	303	Diane Wills	332	Barry Braes
275	Edmund Hitchings	304	Geoff Gay	333	Archie Snyman
276	Donald Swain	305	Name Withheld	334	John Lombard
277	Glenys Woods	306	Anne and Leonard	335	Bob Cooper
278	Ann Ritchie		Pryce	336	David Trenerry
279	Rick Morgan	307	Name Withheld	337	Richard Williams
280	Jenni Oliver	308	Ross Beames	338	Wendy Watters
281	Jim Larkey	309	R. E. Pegg	339	Pat Van Baalen
282	Warren Bird	310	Mike Dale	340	Fiona Payne
283	Peter Maclean	311	Barbara Murray	341	Name Withheld
284	Wolfgang Merretz	312	Adrian Prince	342	Kevin & Margot Pratt
285	Gordon Petersen	313	Max Bourne		

343	John Gleghorn	372	Name Withheld	401	Generation Wealth Partners
344	Australian Shareholder's Association Albury-Wodonga Regional Group	373	Name Withheld		
		374	Name Withheld	402	Association of Independent Retirees - Cairns & District Branch
		375	Name Withheld		
345	Martin Hayden	376	Mrs Margaret Johnson	403	The Australian Investors Association Limited
346	K Ryan	377	Name Withheld		
347	Mark Robbins	378	Name Withheld		
348	Bruce Robinson	379	Mr Brian and Carol Marsden	404	The Centre for Independent Studies
349	Wayne Cobbing	380	Name Withheld		
350	Tony Godeassi	381	Roger Occomore	405	NAOS Asset Management
351	Neville Clark	382	Name Withheld	406	Name Withheld
352	D Baldwin	383	Name Withheld	407	Plato Investment Management Limited
353	D Rostron	384	Name Withheld		
354	J Potter	385	Name Withheld		
355	H Knight	386	Rodney Ross	407.1	Supplementary submission
356	R Jardine	387	Name Withheld	408	Per Capita Australia
357	C Eagles	388	Mr Peter Barr	409	Rice Warner
358	Argo Investments Ltd and Argo Global Listed Infrastructure Ltd	389	Mr Christopher Young	410	The Australia Institute
359	J Gromand	390	Name Withheld		
360	Kay Passenger	391	Dr Donald Pitkethly	411	Alliance for a Fairer Retirement System
361	Dean Liston	392	Name Withheld		
362	Richard Brabin-Smith	393	Miss Petrina Macleod	412	Chartered Accountants Australia and New Zealand
364	Michael Rayner	394	Mr Garry Taylor		
365	Alf Carver	395	Mrs Kristen Ham		
366	William Blanks	396	Name Withheld	413	Self-managed Independent Superannuation Funds Association
367	Peter Hopkins	397	David Milner		
368	George Brown	398	Name Withheld		
369	Jon Deeprose	399	Kent Bermingham	414	Industry Super Australia
370	Jean Brunsmann	400	Name Withheld		
371	Name Withheld				

415	Australian Foundation Investment Company Ltd	430	Diversified United Investment & Australian United Investment Company	453	Mr Jeffrey Rake
416	Amcil Limited			454	Name Withheld
417	Mirrabooka Investments Limited	431	Australian Council of Social Services	455	Name Withheld
418	Institute of Public Accountants	431.1	Supplementary submission	456	Mr Robert Dyson
419	Djerriwarrh Investments Ltd	432	Wilson Asset Management	457	Mr Malcolm Harvey
420	SMSF Association	433	Burrell Stockbroking and Superannuation	458	Name Withheld
421	National Seniors Australia	434	Sofie Korac	459	Name Withheld
422	Association of Financial Advisers	435	Grattan Institute	460	Name Withheld
422.1	Supplementary submission	435.1	Supplementary submission	461	Mr Gary Lewis
423	Association of Independent Retirees	436	Australian Stock Report	462	Mr John Penny
424	CPA Australia	437	Name Withheld	463	Name Withheld
425	Australian Listed Investment Companies Association	438	Mr William Allen	464	Mr Trevor Kenny
426	Law Council of Australia	440	Name Withheld	465	Name Withheld
427	The Association of Superannuation Funds of Australia Ltd	441	Ms Barbara Butler	466	Name Withheld
428	Philanthropy Australia	442	Name Withheld	467	Name Withheld
429	Financial Services Council	443	Name Withheld	468	Name Withheld
		444	Brian O'Donnell	469	Name Withheld
		445	Peter Sheehy	470	Mr Bevan Callaghan
		446	Name Withheld	471	Name Withheld
		447	Name Withheld	472	Name Withheld
		448	Mr Barry Witham	473	Mr David Marcroft
		449	Mr David Hutchison	474	Mrs Bethwyn Graham
		450	Name Withheld	475	Name Withheld
		451	Name Withheld	476	Mrs Margaret Johnston
		452	Ms Anne Pryor	477	Name Withheld
				478	Mr Vic French
				479	Name Withheld
				480	Name Withheld
				481	Mr Denis Toohey
				482	Name Withheld
				483	Mr Rob Johnson

484	Mr Ian Miller	515	L & J Joncour	545	Lynette Crawford
485	Mr Neil Foote	516	Name Withheld	546	Christine Fuery
486	Mr Harry Moore	517	Mr Geoffrey Wilson	547	Sharon Abbott
487	Name Withheld			548	John Gleghorn
488	Name Withheld	518	Mr Andrew Burgess	549	Robin Halliday
489	Name Withheld	519	Mr Mark Milazzo	550	Ross Passalacqua
490	Name Withheld	520	Mr Julian Atkinson	551	John Slee
491	Name Withheld	521	Mr Neil Wood	552	Jennifer Forestier
492	Mr David Woods	522	Mr Rodney Morgan	553	Name Withheld
493	Name Withheld			554	Peter Harkness
494	Mr Judith Anderson	523	Name Withheld	555	David Craze
495	Name Withheld	524	Name Withheld	556	Robert Emirali
496	Mr Giuseppe De Simone	525	Name Withheld	557	Terry Wooldridge
497	Name Withheld	526	Mr. Anthony Reardon	558	Don Slater
498	Mr Lyle Essery	527	Name Withheld	559	Leigh Kealton
499	Name Withheld	528	Name Withheld	560	Paul Mason
500	Name Withheld	529	Mr Noel Wendt	561	Geoff Graham
501	Mr William Jeffreys	530	Barrie Hunter	562	David McInnes
502	Name Withheld	531	L Knight	563	Diane O'Flaherty
503	Name Withheld	532	S & R Francis	564	Meredith Brown
504	Commonwealth Bank of Australia	533	Name Withheld	565	W McConnell
505	Robert Young	534	Mr Peter Finn	566	Ken Moffitt
506	Name Withheld	535	Name Withheld	567	Phil Vincent
507	C & L Trevena	536	Mr Richard Millington	568	Eric Watts
508	Joe Macri	537	Name Withheld	569	Peter Crossfield
509	Geoffrey Williams	538	Name Withheld	570	Jeffrey Scott
510	Dr John Mayo	539	Pamela Peckham	571	Gregory White
511	Name Withheld	540	Leon Pommer	572	Elizabeth Hardey
512	Advance Australia	541	Kay Griffiths	573	Douglas & Margaret Heggie
513	Name Withheld	542	Colin Heinzman	574	Scott Hutchinson
514	Ronald Furlonger	543	Jim Carlton	575	Leith Forbes
		544	Joseph Sassine	576	Ross & Heather Gordon

577	Name Withheld	606	H & G Akers	639	John Harris
578	J & M Payne	607	A & J Larratt	640	David Brooke
579	Andrew Davis	608	Will Delaat	641	J & M Franklin
580	Robert Grady	609	Name Withheld	642	John Griffith
581	Michael Ford	610	R & E Mayfield	643	Brad Brampton
582	Maurice Spatt	611	N Meadley	644	Janette Moore
583	Name Withheld	612	Doreen Matthews	645	Brian Kay
584	John Guthrie	613	Jeff Vlaeminck	646	Noel Brampton
585	Greg Schmidt	614	W Martyn	647	John Mills
586	Gordon Hearn	615	Keith Potts	648	R Pryke
587	Howard Rice	616	Paul Bonnici	649	Ian Henderson
588	Wayne Trowbridge	617	Bruce Barrie	650	Association of
589	Gold Coast Retirees Inc.	618	Iain Macleod		Independent
590	Alison & Barend Poortenaar	619	B & M Robinson		Retirees, Noosa Branch
591	Dennis Teroxy	620	Bruce Lapidge	651	Lance Woodhead
592	Jill Douglas	621	Catherine Foley	652	Geoff Grimley
593	Glenn Webster	622	Fred Diepgrond	653	Brad Brampton
594	Martin Drerup	623	Graham McMahon	654	Terry Wilson
595	David Hodgson	624	G & K Carnie	655	Ian Trehwella
596	Listed Investment Companies	625	Sandra Vercoe	656	Jennie Cross
	Association of	626	E & B Reavley	657	Name Withheld
	Australia Ltd	627	Rob Padgett	658	J & M Roberts
597	Terry Short	628	P & J Copleston	659	Graeme Wilson
598	Mike Moran	629	D & J Nicholl	660	George
599	T & M Watts	630	Rodney Dixon		Kunzelmann
600	Leith & Margaret Shepherdson	631	John Marshall	661	Name Withheld
601	Geoff Joyce	632	Bice Della-Putta	662	D & J Macleod
602	Stephen Crawford	633	Sandra Acheson	663	Des Saunders
603	Nicky McKibben	634	Margot Kalkman	664	K Chester &
604	Bradley Hudson	635	Roger		S Reksmiss
605	Lesley Owen		Hollingworth	665	J & M Vincent
		636	Baden Cameron	666	B & C Brooks
		637	Rex Barber	667	T Pickford
		638	Merelyn Yarrow	668	William Jones

669	R & B Clayton	701.1	Supplementary submission	733	Russell Brewer
670	Peter Bell			734	Mr Thomas Murphy
671	Name Withheld	702	Margaret Carey		
672	Chris Bishop	703	Andrew Johnson	735	M & C Stuart
673	Brad Brampton	704	Elwyn Ingley	736	John Valentin
674	K & C Tyson	705	Noel Scales	737	Robert Hadlow
675	Anthony Bergelin	706	Murray Vaughan	738	Paul Rankin
676	Martin Friendship	707	G Hawkins	739	Name Withheld
677	Pam Young	708	G Gartlan	740	Vicki Risby
678	Brad Stinson	709	M Herley	741	John Friend
679	Brian Wailes	710	T Holden	742	K & G Wallace
680	Aubrey Newman	711	A & M Polack	743	Lorraine Cobccroft
681	Name Withheld	712	G Graham	744	Lyn Wells
682	J & J Clifton	713	B Small	745	Orysia Griffiths
683	Russell Guppy	714	D Fraser	746	Michael Clegg
684	P & D Stevens	715	J & H Hirst	747	Campbell Simpson
685	G & M MacFarlane	716	D Munro	748	Peter Brooke
686	Peter Bartlett	717	M Flacks	749	Name Withheld
687	Terry O'Callaghan	718	E McLachlan	750	Peter Newby
688	John Marshall	719	G Webb	751	Name Withheld
689	Ian Foster	720	Mr Richard McPhail	752	C & D Tyerman
690	Ross Marshall			753	Graham Findlay
691	Leah Bassett	721	Kevin Connolly	754	Laurie Shears
692	Graeme Farrell	722	B Garrard	755	Noel Brett
693	Brian Hancock	723	B & R Weatherlake	756	M Clark
694	Wayne Tamblyn	724	Name Withheld	757	Name Withheld
695	Don Hughes	725	G & J Buchanan	758	Julie Matheson
696	M & H Lupton	726	D Mattner	759	A Guthrie
697	J & M Jellins	726.1	Supplementary submission	760	Stuart & Janet Jones
698	M Tricarico				
699	T McEvoy	728	G & R O'Brien	761	W Butler
700	Bill Carey	729	Heather White	762	Peter Johnson
701	Cancer Council Queensland	730	Robert Tredenick	763	Anna Cross
		731	Vicki Smith	764	John Weir
		732	Warren Doherty		

765	Geoff Webb	799	Denis O'Hara	833	David Bowden
766	Peter Marincowitz	800	Philip Jellie	834	John Richardson
767	Peter Scott	801	Maree Stoffles	835	Alistair Daley
768	D & P Griffiths	802	Denda Payne	836	David Cartwright
769	Gail Loveridge	803	Garry Ormsby	837	Bev Melrose
770	Trevor Jones	804	Peter Balderson	838	William White
771	Daryl Green	805	Stephen McEvoy	839	Sharif Eldebs
772	Martin Jones	806	Robert Walker	840	Colin Shaw
773	Jeays Lilley	807	Cathie Harris	841	Neil Fraser
774	A & V Lysenko	808	Greg Horsfall	842	I & L Allpress
775	Michael Hoskins	809	Beverley Newton	843	Patricia Strath
776	P Hemphill	810	Carole Davidson	844	Bronislaw Burza
777	Name Withheld	811	C. A. Bieber	845	Trevor Ivory
778	A Remfrey	812	Raymond Duffy	846	Stephen Windsor
779	Ian Wood	813	Richard Holden	847	David Taylor
780	Name Withheld	814	Keith Prosser	848	Rod Teague
781	George Caredes	815	John Burchett	849	Peter Wilkinson
782	Joseph Briffa	816	Hugh Bell	850	Terence Cummins
783	K & P Maloney	817	Colin Johnson	851	B & V Self
784	Donald Bignell	818	Bruce Richards	852	Margaret
785	J & M Ryan	819	Name Withheld		Abernethy
786	Peter Wood	820	Michael Walker	853	Sergei Troelnikov
787	Alan Gould	821	John Maiolo	854	Gail Cameron
788	Douglas Freeman	822	Andrew Scott	855	Linda Windsor
789	Grahame Knight	823	Mark Wood	856	Stephen Chapman
790	Anna Harper	824	Jeff Wecker	857	David Dolan
791	Roger Sando	825	Tyson Lehn	858	Ralph Frank
792	Anton Lindeman	826	David Jones	859	John Deane
793	Ronald Hicks	827	Geoff Howse	860	Jonathan Chan
794	Peter Davies	828	Noel Johnson	861	S & J Hogan
795	Bruce Read	829	Dana Letts	862	Malcolm Ruddell
796	Jim Burton	830	Brian Beban	863	Stephanie Payne-
797	Pamela Van Omme	831	Tanya Mandelberg		Croston
798	Roger Lynch	832	Ian Fletcher	864	Christopher Mayor

865	Bruce Parker	897	David Rees	929	Synstrat
866	Peter Roberts	898	Rosemary Simpson		Accounting
867	Glenda Blackmore	899	Cheryl Veitch	930	Name Withheld
868	R & B Ramsay	900	Paul Binger	931	Name Withheld
869	Cheryl Brown	901	Mr Les Osborne	932	Miss Elspeth Reid
870	Neil Collins	902	Mr James Amaral	933	Name Withheld
871	Western Australia Party	903	Name Withheld	934	Valetinius Pty Ltd
872	Laurence Dodd	904	Mr John Robinson	935	Name Withheld
873	Graham Seymour	905	Name Withheld	936	B & J Wells
874	Donald Espey	906	Name Withheld	937	Name Withheld
875	Geoffrey Perkins	907	Name Withheld	938	K & M Perry
876	Jill Robinson	908	Mr Stephen Martin	939	Name Withheld
877	Rob Hollonds	909	Mr Michael Law	940	Name Withheld
878	Jack Maresca	910	Name Withheld	941	Mrs Margaret Gallen
879	John Linstead	911	Name Withheld	942	Mr Andrew Murray AM
880	Janette Board	912	Mr Kevin Mann		
881	Dr Andrew Baderski	913	Mr William May	943	MacMillan Family Superfund
882	Melinda Baderski	914	Name Withheld	944	Mr Alec Sandner
883	Glenn Conyard	915	Name Withheld	945	Association of Independent Retirees Tasmanian Division
884	Lesley Marshall	916	Name Withheld		
885	Malcolm Watson	917	Name Withheld		
886	Greg Cayzer	918	Name Withheld		
887	Pete Cobcroft	919	Mr & Mrs Ken and Jan Murray	946	Name Withheld
888	Michael Rosenberg	920	Name Withheld	947	Name Withheld
889	Name Withheld	921	Name Withheld	948	Mr Jason Clarey
890	Bradley Sharkey	922	Mr Graham Benham	949	Mr Paul Mullin
891	Kevin Coldrey	923	Name Withheld	950	Name Withheld
892	Jeremy Burke	924	Name Withheld	951	Mr Grahame Roberts
893	Ken McCracken	925	Name Withheld	952	Mr Martin Gordon
894	Julie Matheson	926	Name Withheld	953	Name Withheld
895	Andrew Bristow	927	Moir Ritchie	954	Mr. Richard Bell
896	Anthony Byrnes	928	Name Withheld	955	Name Withheld
				956	Name Withheld

957	Name Withheld	989	D Kennedy	1013	Norm Locke
958	Name Withheld	990	Douglas	1014	Brian Doyle
959	Mr Ross Carseldine		Cummings	1015	Kevin Farrell
960	Name Withheld	990.1	Supplementary submission	1016	Debra Batley
961	Name Withheld	991	Patricia and Norman Brown	1017	Name Withheld
962	Mr Gordon Oxtan			1018	Name Withheld
963	Name Withheld	992	Name Withheld	1019	Name Withheld
964	Mr Roderick Hill	993	Jennifer & James Rice	1020	William & Joy Ammon
965	Name Withheld			1021	Name Withheld
966	Mr Warren Bailey	994	Defenders of Self-Funded Retirees Association	1022	Mr Leon Levy
967	Name Withheld			1023	Name Withheld
968	Mr Michael McKee	995	Name Withheld	1024	Mr Darrrell Mullins
969	Mr Len Price	995.1	Supplementary Submission	1025	Name Withheld
970	Name Withheld	996	Name Withheld	1026	Name Withheld
971	Name Withheld	997	Name Withheld	1027	Name Withheld
972	Name Withheld	998	Mr Greg Hull	1028	Mr Geoff Mackay
973	Name Withheld	999	Mr Arthur Witten	1029	Name Withheld
974	Name Withheld	1000	Mr Joyce Henderson	1030	Mr Michael Niddrie
975	Name Withheld	1001	Steve Colquhoun	1031	Mr James Hopkins
976	Name Withheld	1002	Name Withheld	1032	Name Withheld
977	Name Withheld	1003	Peter Cass	1033	Name Withheld
978	Dr Andrew Ainsworth	1004	Geoff Fuller	1034	Mr Robert Syme
979	Name Withheld	1005	Don Young	1035	Mr Johnathan Lalas
980	Name Withheld	1006	Crowe Horwath Australasia	1036	Mrs Josephine Roberts
981	Name Withheld	1007	Philip Healy	1037	Name Withheld
982	Name Withheld	1008	Name Withheld	1038	Name Withheld
983	Mrs Helen Stone	1009	David Roberts	1039	Name Withheld
984	Mr Andrew O'Connor	1010	Jon Kirkwood	1040	Name Withheld
985	Name Withheld	1011	Mr Ronald Hicks	1041	Mr John Pohlman
986	Name Withheld	1012	Mr Anthony Donohue	1042	Name Withheld
987	Gregory Newell				
988	J & F Nicholls				

1043	Name Withheld	1076	Name Withheld	1109	Viv Elliston
1044	Name Withheld	1077	Name Withheld	1110	Jim Downing
1045	Mr James O'Kane	1078	Ms Elizabeth Nordstrom	1111	Mark Hayden
1046	Name Withheld	1079	Name Withheld	1112	Pitcher Partners
1047	Neville & Jean Smith	1080	Dr Philip Laird	1113	Richard Ritter
1048	Name Withheld	1081	Mr Robert Whiting	1114	L & M Peterson
1049	Name Withheld	1082	Emanuel Baglieri	1115	Barry Rogers
1050	Name Withheld	1083	S & B Evans	1116	Leonie Ferris
1051	Name Withheld	1084	Heather Woolrych	1117	Name Withheld
1052	Mrs Deborah Edwards	1085	David Chard	1118	Listcorp
1053	Name Withheld	1086	Jan Gebels	1119	Mr Rob Cannon
1054	Name Withheld	1087	Monica Healy	1120	Name Withheld
1055	Name Withheld	1088	Philip Howard	1121	Lesley Mcgown
1056	Name Withheld	1089	JL Forrest	1122	Suzanne Field
1057	Name Withheld	1090	M Mourik	1123	Peter Tralaggan
1058	Name Withheld	1091	Warren Bailey	1124	B.G. Teo
1059	Michael & Sue Morris	1092	Arthur Ranken	1125	Gordon Phillips
1060	Mr Stuart Cockerill	1093	Colin Gaetjens	1126	Robin Kessey
1061	Mr Tom Hayes	1094	Name Withheld	1128	Helen Stone
1062	Beverly Wilcher	1095	Hilarie Wood	1129	Fiona Young
1063	W Sutcliffe	1096	Clive Nicholls	1130	Mr Mark Shrimpton
1064	R Neal	1097	Christopher Schulz	1131	Anthony Jones
1065	Stuart Gow	1098	Jenny Watson	1132	Maureen Austen
1066	G & B Day	1099	Jamie Collis	1133	Darrell Mackenzie
1067	D & L Brown	1100	G & J Brown	1134	Stephen Feletti
1068	Name Withheld	1101	M & M Brown	1135	Ian Singleton
1069	Peter Allard	1102	Fiona Kotvojs	1136	Carolyn Tempest
1070	I & M Gemmell	1103	Name Withheld	1137	Bruce Stirling
1071	T & S Todd-Clarke	1104	B & J Finn	1138	Lawrence Gubb
1073	Name Withheld	1105	G & S Hammond	1139	Paul Seymour
1074	David Bindley	1106	Jim Morey	1140	Rand Brenes
1075	Name Withheld	1107	Peter James-Martin	1141	Jurek Unsen
		1108	Allan Maple	1142	Allen Coates

1143	Mohan Mathews	1175	Robin Martis	1209	Gillian Hall
1144	Claire Fenton	1176	Richard Larsen	1210	G & E Ferris
1145	Chris Saunders	1177	David Morris	1211	Ranjan Abayasekara
1146	Andrew Burns	1178	Chris Booker	1212	John Clark
1147	Name Withheld	1179	Gregory Cook	1213	Stewart Money
1148	Peter Skinner	1180	Peter Gordon	1214	John Shipard
1149	Colin Bragg	1181	Sandra Farber	1215	Elizabeth Scott
1150	Alick Anderson	1182	John O'Neill	1216	David Boase
1151	B & D Salmon	1183	Rachael Truelove	1217	William Bosworth
1152	Noelia Pinto	1184	Name Withheld	1218	Craig Gooden
1153	Gwen Woodford	1185	Gayle Goldsmith	1219	Ursula Bonzol
1154	John Hyde	1186	Bryan Barrie	1220	Graham Plumb
1155	Julia Boland	1187	Rob Nichols	1221	Neal Anthes
1156	John Tabone	1188	Wendie Budd	1222	Geoff Ross
1157	Phillip Goodier	1189	Kenneth Robinson	1223	Terence Schuster
1158	Arnolda van der Vegte	1190	Peter Tesoriero	1224	Joy Jaduram
1159	Thomas Donald Douglas	1191	Name Withheld	1225	Peter Siegl
1160	Leslie Davies	1192	Peter Coldrey	1226	Robert Gunning
1161	Brian McNamara	1193	Aggie Michie	1227	Michael Gauci
1162	Nicholas Brown	1194	David Wilson	1228	Robert Lokan
1163	Selma Brown	1195	Col Ainsworth	1229	Harold Hogan
1164	Patricia Rodis	1196	Edward Finch	1230	Melville Jones
1165	Paul Moorcroft	1197	Ian Chow	1231	Andrew Griffith
1166	John Linke	1198	Brian Bartlett	1232	Jacquelinee Glover
1167	Richard Sykes	1199	Jill McDonough	1233	Tom Aldred
1168	Kavita Brown	1200	Karen Curtis	1234	Pamela Gillot
1169	Graeme Fisher	1201	William Kavanagh	1235	Darryl Obelt
1170	Christine Reay	1202	Cleve Flottmann	1236	Elaine Esler
1171	David Sherrard	1203	David Ryder	1237	Howard Kingston
1172	Keith Stephen	1204	Joan Hay	1238	Reg Lange
1173	Patrick James	1205	George Hay	1239	Trevin Love
1174	William Kavanagh	1206	Elisa Mitchell	1240	Warren Johnstone
		1207	Larry Moody	1241	Shirly Oakley
		1208	Samuel Brown		

1242	Tony Killer	1273	Adrian Chenoweth	1304	Helen Rothenberg
1243	Janet Simpson	1274	Jeanette Kilgour	1305	John Rowley
1244	Super Concepts	1275	Robyn Arnold	1306	Joyce Williamson
1245	Russell Fagg	1276	Allan Brown	1307	Kim Hoddy
1246	David Pilkington	1277	Georgina Moore	1308	Graeme Milner
1247	Roy Perry	1278	Trevor Schneider	1309	Francis Hobson
1248	Lynette O'Brien	1279	John Stewart	1310	William Baldwin
1249	Russell Weavers	1280	Susanne Allcock	1311	Garry Woodland
1250	Steven Saunderson	1281	Barry Softley	1312	John Watson
1251	David Prince	1282	Allen Broad	1313	John Board
1252	Maree Bagnall	1283	Peggy Hodgson	1314	Peter Rhind
1253	Peter Krige	1284	Peter Biggs	1315	Terence McCormack
1254	Eric Swart	1285	Janet Shepherd	1316	Graeme Pearson
1255	Ross Purdon	1286	David Pasco	1317	Mark Willey
1256	Kerrie Shee	1287	Nicholas Heath	1318	Barrie Fox
1257	Arthur Smith	1288	Kevin Crombleholme	1319	Shlomo Geva
1258	Sharon Prowse	1289	Colin Rankin	1320	Dale Cregan
1259	Margaret Bergomi	1290	John Haynes	1321	Prue Wright
1260	Alan Pierce	1291	Garry Gibson	1322	Wayne Hickey
1261	Kerry Osmand	1292	Dianne Stanborough	1323	Leslie Kerr
1262	Timothy Gillespie	1293	Norman Lacy	1324	John Caporn
1263	Judith Dowling	1294	Paul Myers	1325	Graham Moore
1264	Moirra Newman	1295	Rosalind Clune	1326	Stephen Carroll
1265	Robert Parker	1296	Joan Robins	1327	Graeme Roberts
1266	Kevin Clark	1297	Garry Begley	1328	Kym Tilbrook
1267	Lucille McLaren	1298	Mifsud Mifsud	1329	Robyn Thomas
1268	Philip McEvoy	1299	Ronald Stanborough	1330	Noel Woodhouse
1269	Brian Lovell	1300	Allyson Hawthorne	1331	Lewis Wheller
1270	Josephine Pearson	1301	George Dibdin	1332	Patrick Ross
1271	Association of Independent Retirees, Townsville and District Branch	1302	Gregory Holien	1333	Bryce Hawkins
1272	Graeme Riley	1303	Michael Tucker	1334	Martin Hayden
				1335	Paul Hardwick
				1336	Daryl Gardner

1337	Mike Franks	1371	Sheila Simpson	1405	Anthony Wild
1338	Kim Varney	1372	Erik Steemers	1406	Catherine Wall
1339	David Angove	1373	Phil Manley	1407	Ann Sharpe
1340	James Dore	1374	Phil Davis	1408	Helen Antonas
1341	German Prekel	1375	Andrew Bills	1409	Alan Edwards
1342	Peter Buckley	1376	Ross Purdon	1410	Rita Price
1343	John Roder	1377	Fay Wilkinson	1411	Nicole Ruggero
1344	Graeme Wilson	1378	Mark Hollinshead	1412	Christine Cave
1345	Kris Dieckmann	1379	Des Mulcahy	1413	Harold and Gail Armstrong
1346	Patricia Bate	1380	Ian Watson	1414	D & I Fry
1347	Colin Jannese	1381	Peter Hoare	1415	Jane Collicoat
1348	Sandra Tucker	1382	Jonathan Arren	1416	Norman Smith
1349	Neil Angus	1383	Trevor Ridgway	1417	David Cheatley
1350	Peter Stewart	1384	Peter Eastaugh	1418	Kay Careless
1351	Janet Luestner	1385	David Workman	1419	Peter Mackinlay
1352	Susan McPhee	1386	Jim Carroll	1420	Anthony Davoren
1353	Garrett Strautins	1387	Michael Carey	1421	Peter Jenke
1354	Peter Teagle	1388	Ken Bourne	1422	Bruce Jensen
1355	Bill May	1389	Phillip Rowland	1423	K & H Ilett
1356	Dianne Trehearn	1390	Janet Ellis	1424	Neil Morton
1357	Maureen Styman	1391	Brian Marsden	1425	Patricia Lawton
1358	Robert Conner	1392	Val Audran	1426	Walter Savell
1359	Ben Wells	1393	Jennifer Bond	1427	Geoffrey Catt
1360	Darryl Forno	1394	Wayne Ryan	1428	Christopher Meadows
1361	Gregory Smith	1395	Pamela Bores	1429	Alison Sollars
1362	Lorraine Huxley	1396	Mike Steward	1430	Beverley Madill
1363	Lee Cordner	1397	Douglas Corder	1431	John Knuckey
1364	Angela Walker	1398	Terry Condron	1432	Geoffrey Mclean
1365	Brian McArthur	1399	Rodney Dyson	1433	Christopher Sharp
1366	Arthur Griffiths	1400	Robert Scullen	1434	Moya Petroff
1367	Terry Puleston	1401	Roy Seerey-Lester	1435	Rhonda Morrison
1368	Heinz Cornelius	1402	John McMin	1436	Raymond Gregory
1369	Rodney Watters	1403	Barry Miller		
1370	Margery Hassell	1404	Rosslyn Woodforth		

1437	Carmel Rowe	1469	Robin Brace	1501	Patricia Russell-Lane
1438	Simon Robinson	1470	Peter Elliott		
1439	Tony Coyle	1471	Graeme Symons	1502	Gordon Phillips
1440	Manny Jardim	1472	Geoff Young	1503	Ken Purnell
1441	Geoffrey Brown	1473	Robyn Blair	1504	Joan Millar
1442	Name withheld	1474	Colin Fitzell	1505	Julie Evans
1443	Trevor Rowan	1475	Indra Dang	1506	Bruce Thomas
1444	Sam Linnell	1476	Dorothy Anderson	1507	William Costello
1445	Bruce Benfield	1477	Sue Collins	1508	Revon King
1446	Harold O'Keefe	1478	Julia Lucas	1509	Marilyn Rowsome
1447	Janet Hughes	1479	Stuart Dagleish	1510	Graeme and Ann Robinson
1448	David Brunt	1480	Andrea Williams	1511	Christopher Holyoak
1449	Kevin Hughes	1481	Michael Ryan		
1450	L Lawrence	1482	Graeme Hope	1512	William Blanchard
1451	Graham Whitehead	1483	Tim McGhie	1513	Janet Griffiths
1452	Geoffrey Wilmot	1484	Luke Styles	1514	John Kelly
1453	Kar Tan	1485	Brent Dye	1515	Jennifer Vowell
1454	Roman Vekselstein	1486	Ray Moffat	1516	Ross. Simpson
1455	Bruce Balsdon	1487	Peter Roberts	1517	Damian Petrie
1456	James Samson	1488	Darryl Brett	1518	Jean May
1457	Thomas Hall	1489	Peter Noonan	1519	Warwick Finney
1458	Beverly Smith	1490	David Greenwood	1520	Robert Burford
1459	Brad Brampton	1491	Stuart Wilson	1521	Aileen Neilson
1460	Graham Feheely	1492	Kathleen Haig-Muir	1522	Stuart Lee
1461	Anthony Fisher	1493	Valerie Regnier	1523	Brian Polkinghorne
1462	David Bruce	1494	Robert Williams	1524	Terrence Cain
1463	Christine Sebastyan	1495	Ronald Fox	1525	Nigel Kenny
1464	Robert Northcoat	1496	Ann-Mari Lummis	1526	Laurie Thorp
1465	Jacqueline Denyer	1497	Charles Thurgood	1527	Paul Dugmore
1466	Paul Campbell	1498	Ronald Kane	1528	Elaine Bennett
1467	Robin Sheldrick	1499	Chris Stevens	1529	Joan Watkinson
1468	Errol Russell-Lane	1500	Wayne Paterson	1530	Mark Attard
				1531	Dennis Barton
				1532	John Church

1533	Keith Holmes	1565	Graeme Roberts	1599	Barry Amond
1534	Paul Telfer	1566	Diana Caldwell	1600	Chris Odman
1535	David Livingston	1567	Kevin Stiff	1601	David Holly
1536	Amanda Kelsey	1568	John Slocombe	1602	Stephen Diamond
1537	Peter Garriga	1569	Peter Martin	1603	Kathleen Wilcox
1538	Jillian Amy	1570	Richard Foster	1604	Bill Birch
1539	Dorothy Curtis	1571	John James	1605	Sue Jarvis
1540	Ben Quin	1572	Robert Jenkins	1606	Alan Burley
1541	Sally Ryan	1573	John Herron	1607	Adrian Peck
1542	Alan Morton	1574	Shane Burgess	1608	Gary Shuttleworth
1543	George Frantzeskos	1575	Graeme Reinbott	1609	Steve Officer
1544	Anthony Gilchrist	1576	Arthur Nions	1610	Barry Halfpenny
1545	Michael Saw	1577	Peter Beveridge	1611	Lynn Reeves
1546	Chris Foster	1578	Roy Huntington	1612	Andrew Britton
1547	Philip Rosewarne	1579	Carolyn Shannon	1613	Name withheld
1548	Malcolm Gray	1580	Stephen Funnell	1614	Bill Ivinson
1549	Michael Hannell	1581	Arthur Geitenbeek	1615	Margaret Harffey
1550	David Fadden	1582	David Story	1616	Ronald Robert
1551	Peter Banicevic	1583	Russell Knight	1617	Kim McHugh
1552	Patricia Dunn	1584	Mary Walton	1618	Glenice Ramsbotham
1553	Trevor Deadman	1585	Carlo Bongarzoni	1619	Maree Darmody
1554	Stephen Turner	1586	Lorraine Martis	1620	Lesley Johnston
1555	Royston Davis	1587	Pamela Simpson	1621	Rod Larnach
1556	Ata Ilahi	1588	William Nagle	1622	Robert Grant
1557	Li Li Ong	1589	James Simpson	1623	Kevin Scribner
1558	Peter Hill	1590	Frederick Field	1624	Frank Armstrong
1559	Jim Young	1591	Janice Cook	1625	Nelson Batchelor
1560	Mike Rautenbach	1592	James Ritchie	1626	Henry Ekert
1561	Andrew Reeve- Parker	1593	Gordon Dennett	1627	Denis Castle
1562	Mary Irmer	1594	Gary Bowdidge	1628	Dean Wallace
1563	Bruce Barrie	1595	Jeff Beaton	1629	Hayley Della-Sale
1564	Peter O'Brien	1596	Robert Slemph	1630	Michael Dowling
		1597	Frazer Davey	1631	Ruth Gibson
		1598	Bruce Johnsen		

1632	Peter Laing	1664	John McLennan	1697	Estelle Renard
1633	Richard Slaughter	1665	Raimond	1698	Andrew Hewitt
1634	Colleen Batchelor		Bazbauers	1699	John Wood
1635	Colin Fenwick	1666	Alan Williams	1700	Ken O'Hara
1636	Paulus Brouwer	1667	Rosslyn Rothwell	1701	Justin Smith
1637	Sara Hoffman	1668	Denis Conlan	1702	Joanne Mason
1638	Rod Fraser	1669	Colette Appleton	1703	Paul Wilson
1639	Hugh Palmer	1670	Graham Pill	1704	Lynn Butler
1640	Dorell Watters	1671	Peter Edwards	1705	Austin Gillham
1641	David Handcock	1672	Karen Lawley	1706	Noel Bennet
1642	Clarence	1673	David Griffiths	1707	Elizabeth Brown
	Diefenbach	1674	Bo Hannington	1708	Myron Leibowitz
1643	Athalie van de	1675	Gordon Ure	1709	Allan Datson
	Veerdonk	1676	Peter Elton	1710	Louise South
1644	Angela Miller	1677	Duncan Stevens	1711	Colin Enderbury &
1645	Darryl Miller	1678	John Passaris		Jennifer Grummet
1646	Phillip McBride	1679	Margaret Balmer	1712	Geoffrey Herbert
1647	Glenn Morgan	1680	Indrash Dang	1713	Vivian McKenzie
1648	John Miller	1681	David Datson	1714	Steven Ang
1649	Roeland Marissen	1682	Barry Tween-Cain	1715	Judith Smith
1650	Steve Beaton	1683	Alison Stephens	1716	Julie Stevens
1651	Carol Smith	1684	Michael Beal	1717	Dennis Leman
1652	Douglas Janney	1685	Elvio Alessio	1718	Bill Kendall
1653	Jillian Hill	1686	Lindsay Tyson	1719	Geoffrey Wright
1654	Barry Hailstone	1687	Beverley Hanna	1720	Graham Ludecke
1655	Max van Helden	1688	John Walker	1721	Ian Lowe
1656	Darrell Sims	1689	Jill Brocklebank	1722	Robert Little
1657	John Delaney	1690	Ross Haby	1723	Denis Sawrey
1658	Kay Kelly	1691	Peter Howes	1724	Malcolm Campbell
1659	Robert Auty	1692	John Yeatman	1725	Vilko Sajn
1660	Ronald Renton	1693	Milton Duthie	1726	John Cook
1661	Jane Kirkwood	1694	Garry Taylor	1727	Curtis Tebbutt
1662	Ngak Leng	1695	Paul Kearney	1728	Frances Davis
1663	Peter Shacklock	1696	John Freeburn	1729	Robyn Locke

1730	Trevor Fardell	1762	William Barnett	Christopher Welburn
1731	Michael Kenyon	1763	Tracey Harper	Gerald Naylor
1732	Ian Milne	1764	Michael and Mary Guthrie	Christine Trow
1733	Alan McLean			Kaye Jones
1734	D Ramsay	1765	Kenneth Raymond	Gunga Dinn
1735	Robert Willis	1766	Robert Butler	Weng Si Beh
1736	Jeremy van Dort	1767	Barry Rees	Susan Neo
1737	Olivia Curtis	1768	Nicolas Bendeli	Lip Teo
1738	David & Sally White	1769	Robert Bertolini	John Tucker
1739	David Eves	1770	Laurey Faulkner	Dean Little
1740	Behira Yerushalmy	1771	Ross Loughton	Barbara Minchin
1741	Peter Aplin	1772	Maree Uren	Paul Olivotto
1742	Jeff Bryant	1773	Craig Redford	Herbie Whittall
1743	William Green	1774	Maria Stalker	Jonathan Whisson
1744	Brian Smith	1775	Gilbert Murray	Adrian Cocks
1745	Norman Miller	1776	Geoff Bentley	Colin and Frances Sussex
1746	Mark Vroegop	1777	Mr Steve Smith	Toni Hunter
1747	Robert Barry	(1,108 identical form letters are listed below)		Paul Hunter
1748	Linday Ryan	Additional form letters were received from:		Valmai Meakins
1749	George Purvis			Jeff Miles
1750	Toni Gumbleton	David Livingstone		Jack Mehoff
1751	Glenn Mellross	Peter Reade		Mardie Whitlam
1752	John Rorke	Alec McCracken		Peter Steffanoni
1753	Peter Stainer	Joan Weber		Lynette Steffanoni
1754	Nerolie Bowden	Karen Lomas		Gary Gleeson
1755	Georgina Cane and Ian Vivash	Lynn Pace		Leon Han
1756	Guy Brindley	John Shier		Peter Jolob
1757	Douglas McClymont	Allan Norton		Franklin Yan
1758	Robert Wilson	Linda Liu		Jennifer Yan Yan
1759	Kevin Wilkinson	Name withheld		Boon Lim
1760	Nina Truelove	Bruce Houston		John Ireland
1761	John Edwards	Robert Osborne		Robert Jones
		Chi Loh		Margaret Ann Ward
				Gary Lawrence Ward

Steven Lai	Wayne Trowbridge	Christine Radburn
Paw Chin Lai	Bryce Taylor	Mark Robertson
John Clark	Mel Tregonning	Peter Wick
Joshua Saviour	Angelo Rossetti	Rodger Lamb
Gloria Matthews	Josiah Pook	Barry Lee
Winnie G.T. Quah	Peter Langley	Maureen Crawford
Chek Jwee Quah	Gary Kevin Hermann	Paul Ferrari
Jeanette Thomas	R Moore	Eoin Maher
Silly Knickers	Richard Green	Kiat Hock Teh
Christopher Fellows	Lorraine Kelly	Roland Ashton
Anthony Patterson	Geoff Robertson	Marilyn Itving
Sumer Singh	Tors Clothier	W C Chung
Mary-Anne Gourley	Peter Roberts	Gerry Masi
Martin Moore	Nicola Vavallo	John Eagleson
Elisabeth Jacobsen	John Amos	Jeffery Wilcox
Ruggero Piagno	Michael Nylon	Roger Pell
Ian Shaked	Robert Hunter Robert	Purnima Dudhwala
Benjamin Yokhanis	Hunter	Piyush Dudhwala
David Ferrier	David Harvey	Ken Montgomery
Gary Green	John McConnell	Raymond Rickwood
Charmaine Brillanti	Pamela Jostsons	Michael Code
Ross Hodgson	Mike Young	Aurora Code
Cristine Kuhnert	Margaret McFarlane	Greg Meredith
Kay Blair	Barry Blight	John Hutchison
Elke Green	Mogens Jensen	Wilma Ashkenazi
Otto Human	Gary Collins	John Cutler
Kevin Goodrem	Ivan Tanner	Dino Dilorenzo
Ken Dalton	Kate Fewster	Deborah Cooke
Gregory Fiedler	Robert Bailey	Dianne Reinders
Jeremy Buttsworth	Bruce Robinson	Grahme Carr
Vanessa Payne	Kevin Turnbull	James Wood
David Farrell	Malcolm Short	Paul O'Keefe
Tim Nicholas	Richard Bowman	John Gatzoubaros
John Beauregard	Lindsay Orford	James Stewart

Heather Clarke	Alan Raymond	Elvis Huynh
Andrée Greiner	John Walton	Bryan Dubois
Graham Belyea	Patrick Osullivan	Douglas Barber
Raymond Walter	Stuart Heap	Lynette Edwards
Philip Abrahams	David Rowland	Giuseppe Iuliano
Phil Griffiths	Myra	Carol Llewellyn
John Lybrand	Janice Chambers	Anthony Wall
Donald Wilson	Emilio Parolin	Vern Dalejohnson
Geoffrey Monotti	Barbara Kingston-Jones	Keith Newberry
Louise Staff	John Leenen	Graeme Amore
Graeme Staff	Margaret Proudley	Geoffrey Janieson
Ron Ladner	Dharmesh Panchal	Rick McCarthy
Yadviga Howie	Dana Letts	Kent Donaldson
Victor Powell	Graeme Skinner	Douglas Vendy
Peter Smart	Mike Zutic	Susan Strangward
Chris Coleman	John Howie	Lockie Cameron
Ian Day	Robert Lenthall	Shaun Cameron
Doug Stefanovic	Betty Holland	Max Hannah
Glenn Lovell	Sylvia Lenthall	Peter Mitchell
Aileen Mitchell	Betty Holland	Douglas Jardine
Allen Back	Murthy Eranki	Peter Earnshaw
Steve Ticehurst	Shrikant Kulkarni	Vernon Chessells
Raymond Steele	Vinita Masand	Robert Coxon
Kevin Sheridan	Girish Masand	Bernadette Whisson
Patricia Krivanek	Tony Verwey	John Vriesekolk
Jennifer Turner	Des Smallwood	Frank Keaveny
Philip Auld	Joseph Knowles	John Young
Pauline Eves	Deborah Knott	Peter Goodchild
Margaret O'hara	Robert Hewett	Judith Brackley
Denis O'hara	Paul Morris	Michael Martin
Kerry Casey	John Vriesekolk	Carolyn Hohnke
Alison Courtney- Lincoln	Gene Murdoch	Glenys Farrah
Net	Donald Gibbsom	Bonnie Goei
John Edwards	Peter Robertson	Philip Kroczeck

Brian Polkinghorne	Geoffrey Cummings	Maree Mcinnes
Stephen Hindley	David Mccarthy	Stuart Heap
Kevin Plant	Derek Overell	Janet Miller
Ian Appleton	Judith Wilson	Terry McPharlin
Richard Gardiner	Russell Wippell	Lois Woollams
Janine Burgess	Mimi Weinstock	Les Pratt
Gary Haywood	Mark Greiner	June Louisa Nielsen
Graham Head	Neil Lennie	Ken Winks
Charles Dale	Maria Lennie	Ayush Sharma
Michael Lanzer	Philippa Letch	Wayne Stanton
Fred Wehl	Anne Turner	Mei-Mei Westwood
Peter Burgess	Ken Rogers	George Toyne
David Anderson	Sandra Ignatiadis	Rachelle Simons
Isaac Law	Kristine Cecchini	Terry Essey
George Sparis	Bill May	Vera Kochergin
Pranom Visalpattanasinn	Paul Scott	Lynette Essey
Austin Kelly	Roger Green	Terrence Essey
Darryl Forno	Umberto Ferraro	John Mitchell
Valerie Long	Anupam Nasta	Jeanette Coventry
Ray & Wende Williams	Vivienne Edlund	Roberto Garofali
Betty Anderson	Jan Maltby	John Firth
Krystyna Rokicka	Steve Hamilton	Craig Andrew-Kabilafkas
Mark Davidson	Tom Vichta	Stewart Mckinnell
William Costello	Margaret Harry	Michael Worrall
Pauline Thiem	Marilyn Adams	Shona Solomon
Conrad Groen	Alison Wilson	Glenn Lake
Dean Thomas	Sue Anderson	Edward Woodman
Lyn Cole	Damian Baker	Shirley Jennings
Ross Cross	Brian Hallinan	Rod Hill
Graham Scarr	Michael Hayward	Ian Pickering
Marie Simpson	Christine Watkins	Anthony Williams
Darrin Hewitt	Sue Heap	Philip Levy
Colin Philp	Irene Cooke	Bill Evans
Kerry Dawe	Dalia Boghdadi	Peter Langdon

Lan Loh	Michael Newsome	Mark Brockman
Samantha Milbourn	Cathy Haynes Newsome	Richard Metcalf
Cristal Flood	Dave Letts	Yvonne Bartels
Jo Hardham	Arthur Cook Msc	Robert Price
Edward Seymour	Dianne King	Julia Shaw
George Spathis	Christopher Young	Richard Hughes
Dorothy Carter	Armine Warian	Marenee Provost
Willy Mosselmans	Paul Bonnici	Fay Halloran
John Murphy	Barry Bradshaw	Anne Raymond
Neil Mathews	Raymond Nasskau	Marilyn Byrne
Eric Wheeler	Colin Munro	Gerald Sidebottom
Christopher Ride	Dot Moon	Noella Menezes
Chelsie Ride	Rudolf Hoffmann	Jill Cox
Barbara Pearce	Ralph Levin	Helen Vogel
Christopher Lazaredes	Neil Wyles	Lynda Dobson
Colin Veurink	Donald Sloan	Frank Long
Richard Noon	Jenny Struthers	Anthony Hill
David Cimino	Ray Schroeder	Pete Dufty
Dorothy Prescott	Murray Verco	Andrew Lewis
Susan Lay	Olivier Dupuy	Mark Lyons
Holly Thouvenot	Heather Window	Gerhard Naujok
Elinor James	Ann Dean	Christine Randle
Julie Bensein	Richard Eager	Craig Waller
Peter Cook	Malcolm Botfield	Carolyn Howard
Justin Mullan	Adam Jackson	Susan Fredrickson
Ian Mcrae	Rob Jarvis	Patricia Ross
Wai Khong	Don And Anne Baskerville	David Benham
Melinda Rau-Wig Au-Wig	Penny Valentine	Peter Freeman
Paula Milsom	Wendy Moran	Geoff Lambert
Tony Kutra	Dick Evans	Roger Hartigan
Graeme Francis	Lynne Gilmore	Colin Smith
Nathan Roberts	Halina Post	Colin Smith
John Riley	Dr Michael Morris	Matt Griffiths
Sybella Blencowe	Jeff Mckeon	Scott Wyllie

Brian Gent	Trisha Hart	Jennifer Beatty
Lyla Rhodes	Stuart Heap	Bryce Leigh
Seok Ling Hong	Sandra Morphet	Margaret Greenwood
Alison Wyllie	Thomas Callow	Tony Blayney
Gary Scott	Gerald Haynes	Trevor Dawson
Peter Withell	Ivan Kalbstein	Sarah Keetley
Michael Howell	Johann Maree	Martin Hotz
Lyndell Cronin	Margaret Spencer	Pamela Krieg
Jorge Dos Santos	Grace Field Field	Kayleen Healing
Neil Whinnett	Rosemary Wilkinson	Ian Anderson
Ian Mark	Gordon Eggins	Anthony Parkinson
Cecilia Gribble	Doug Cummins	Anne Hunt
Campbell Gribble	Kathleen McNally	Jeffery Norton
Martin Silver	Ty Ashton	Kelcie Hauritz
John Connolly	Joseph Kristan	Valma Podbury
Peter Jinsen	Len Bolin	Rodney Shogren
Susan Fredrickson	Kerri Moore	Julie Bell
Jo Wilson Wilson	Gary Purkiss	Mark Ramsey
Ronald Nilsson	Anne Ristevski	Scott Adamson
Tony Arnold	Brian Gay	Elaine Palassis
Randall Wynn	Michael Macri	Peter Wade
Tom Dearman	Fi Kent	Graeme McConnell-Brown
Anthony Marsh	Margaret Nixon	Peter Dunne
Margaret Nielsen	Maureen Hall	Colin Shaw
Alison Laing	Karyn Taylor	Matthew Rackham
Trent Lines	Cameron Leach	John Lansell
Samuel Dixon	Angela Chappell	Rowena Faerch
Carol Doyle	Joanne Johnson	Robert Theil
Jenny Austin	William Whittaker	Beverley Johnston
Christano Tutolo	Linda Bruce	Ian Johnston
Kylie Quinn	Samuel Young	Neil McDonald
Dalia Boghdadi	Robyn Lane	Andrew Morris
John Goulter	Jenny Gust	Gil Nafte
Karina Petrovics	Jan Callow	John Roger

Phil Hill	Bev Lancaster	Sue Speers
Lois Aittola	John Tadich	Vernon Lloyd
John McIntosh	Dirk Selderyk	Robert Coote
Jan Burton	Iris Wong	Denise Lloyd
Graham & Denise Billinghurst	Dale Bruce	Lazaro Davila
Dianne Peace	Rex Kerrison	Leigh Lewis
Robert O'rance	Bruce Field	Shabbir Ahmed
Karen Simpson	John Litchfield	Janet Howard
Jenny Rowe	Kathryn Dyason	Clement Chan
Mauro Sandrin	Krys George	Omar Persaud
Maria Zografos	John Cassidy	Sonja Hans
Andrew Shaw	Raymund Bryant	David Green
Kosta Petro	Lindsay Chelin	Robyn Parkes
Graeme Beveridge	Peter Quadros	Kathleen Bexley
Norm Andersen	Martin Newman	Kevin Goodwin
Roger Green	Kerry Preston	Janet Weir
Sandra Willis	Michael Webb	Ira John Pendrigh
Sue Theil	Daniel Maggs	Samual Giarratana
Renae Bettiol	Warren McWaters	John Gagen
Robert Bettiol	Pratyush Jagdishwala	Edward Steinberg
Tim Hutchison	John McCarroll	Janet Powell
Liam Kiss	Graham Rosenstrauss	Barbara Pajtl
John Austin	Glenn Armstrong	Max Hill
Leigh Rubenstein	David Maunder	Victor Yeung
Susan Rubenstein	Ruth Adler	Michael Shorrock
Robin Bycroft	Jonathan Van Omme	Keith Newberry
Graham Hams	Les Piscitelli	Mary Buckingham
Michael Schmidt	James Burgess	John Donald
Margaret Luya	David Bowron	Peter Hoolihan
John Britton	David Corrigan	Christine Finch
Rosemary Myers	Brian Folbigg	Howard Brown
Jan Bennett	Helen Smith	Anthony Caia
Janice Morgan	Thomas Border	Raphael Fam
	Carolyn Watson	Graham Smith

Margaret Carydias	Rob Lavers	David Barbuto
Janice Codling	David Spilstead	Peter Waldron
Lisa Hyde	Stephen Swaine	Philippa Weekley
Richard Gould	John Andreou	Peter Dunne
Constantin Carydias	Cathie Agg	Gregory King
Carol Giles	Beryl Patterson	James Christie
Neil McGregor	Stephen Armbrister	Peter Cory
Doreen Cole	Peter Balderson	Magda Sidharta
Margaret Illy	John Sharp	Doug Clouten
Linda Kuchmar	Bela Szabo	Brendan Kelly
John Woodruff	Lloyd Williams	Sharon Daley
Warwick Beatson	Jiko Taylor	Kevin Custerson
Allyson Crozier	Keith Newberry	Janette Deutscher
Katherine Beatson	Garry Taylor	Susan McIntosh
Ian Bhungard	Linda Hinchliffe	Russell Wark
Roderick Magill	Kim Pember	Barry Smith
Elizabeth Mcfadden	Nigel Hinchliffe	Glenyse Ford
Paul Duckett	Lorraine Mudiman	Carolyn Miller
Colin Holmes	Robert Mudiman	Barry Daley
Richard Bauhof	Gary Clark	Anupam Nasta
Anthony Lack	Wolfgang Schinnerl	Vinod Nasta
Don Cameron	Ann West	Terry Byfield
Nina Truelove	Vernon Peters	William Wilkes
Janine Spring	Richard McDonald	Ruth Gibson
Kevin Wilkinson	Jennifer Watts	Dorell Watters
Dianne Jacobs	Terry Booth	Michael Dowling
Andrew Brockis	Peter Turner	Hayley Della-Sale
Marie Simpson	Evelyn Turner	Nathan Sullivan
Neville Vickery	Paul Murdoch H	Dean Wallace
Rod Hill	Allan Jordon	Denis Castle
Dafydd Emmanuel	Robert Edmonds	Helen Hooper
Thomas Van Der Meyden	Susan Patricia Edmonds	Henry Ekert
Van Der Meyden	Geoffery Godden	George Papargiris
Gerry Dee	John Horsnell	Nelson Batchelor

Grant Anderson	Glenn Mellross	Bohdan Bej
Robert Little	Alan Pritchard	Sue Kyne
Frank Armstrong	Ann Simon	Carolyn Gee
Kenneth Saward	Fredrick Simon	Elizabeth Reilly
Eric Arthur	Lindsay Rice	Tessa Bennett
Janese Lowe	Aurelia Kemp	June Gormley
Kristin King	Murray Wilkinson	Peter Hitch
Grant Wilson	Janet Lisha	David Briggs
Denese Smith	Sharon Prior	Greg Robison
Anne Juers	Judy Harwood	Christopher Winn
Rod Adams	Robert Toms	David Martin
Roy Hayward	Elizabeth Chosid	Andrew Ball
Alan Fitzgerald	Lance Whittington	Bruce Garratt
Peter Drouyn	Craig Hughes	Vincent Tsang
David Carrodus	John Sampson	Ken Hamilton
Voon Sin Thong	Dorothy Curtis	Lou Zekas
David Halliwell	Robert Mintern	Kerry Little
Doris Paton	Matthew Dennis	Mark Hetherington
Christine Halliwell	Darren Smyth	Claire Williams
Marie Kempton	Piera Cole	Gregory Martin
Peter Singe	John Cole	Glen Henderson
John Harrison	Kelvin Bella	Abilio Gomes
Terry Gerler	Janette Kay	Debby Burgess
Calidu Randazzo	Tammy Gillespie	Sheridan Daddow
Joel McMahon	Warwick Ford	Margaret Nichol
Craig Baker	Geoffrey Hannaford	Kim Yap
Shane Taylor	Andrew Mitchell	Pam Hayes
Aldo Fomiatti	Janis Reynolds	Rob Collins
John Lewis	Brian Hynes	Karen Davies
Paul Smith	Christina Teng	Anita Gray
Brian Seng	Ashley Woods	Audrey Hawkins
Jill Campbell	Benjamin Snedeker	John Kyne
Lynda Macpherson	Jennifer Farrough	Kevin Glastonbury
Ross Fieldus	David Farrough	James King

Catherine Wright	Jim Gillespie	Geoffrey Hain
Cameron Millar	Bruce McDowell	Paul Miller
Judith White	Andrew Grant	Margaret Morris
Sylvia Newbery	Valerie Korn	Christine Teagle
Victor Middleton	John Vine	Lorraine Avenell
Ron Rushbrooke	Gordon Oxtan	Noel Avenell
Bryce Greateorex	Ian Rogers	Gay Scholes
Richard Maybury	Graham Gilpin	David Dixon
Greg Wessling	Rodney Kelley	Lindsay Morrow
Kevin Brown	Janice Maltby	Ross Mortimer
Catherine Sleeman	Van Le	Winston Quaile
Trevor Parker	David McKenzie	John Hockett
Marien Eastaugh	Ignatius Rasiah	Lyudmila Petrov
Janet Patterson	Pamela Miller	Doris McNair
Tracey Coghlan	Michael Lanzer	Glen Luestner
Engkie Sidharta	Hans Boeres	Greg Cowan
June Retallack	Peter Knight	Marilyn Hanna
Thomas Bramwell	Michael Baker	Alyson Hyde
Lorraine Read	Noel Wendt	Clark Pearson
Ivan Harlock	John Thompson	Randal Williams
Keith Fletcher	Gary Ballinger	Ty Ginsberg
Annette Punch	Lois Mitchell	Lynette Walshe
Ctor Punch	Sharon Peers	Charles Marlow
Helen Shaw	Steve Anderson	Emily Macpherson
Barry Shaw	Bruno Eugster	Rod Schaefer
Michael Gibbons	Trevor Drake	David Warton
Leong Wu	Bruce Healy	Rob Henshaw
Michael Cini	Graham Smailes	Jennifer Smith
Elizabeth Rocheta	Dinah Chillingworth	Jennifer Oakley
Garry Barnes	John Mehegan	Tracey Ousley
Maria Nannes	Neville Johnston	Michael Rosenberg
Anthony Murdoch	Alan Huxley	Ian Fleetwood
Yoshiro Umemura	Peter Kelly	Barry Cracknell
Barry De Crummere	Ivan Scott	Derek Cooper

Mr Louis Kiproviski Rovski	Peter Clarke	Viviana Palladino
Ross and Amanda Rundle	Ronald Plant	Graham Chen
Ian Jardine	Maree Johns	Bernadette Langley
Barbara Irving	John Wickham	Peter Langley
Ian McNally	Robert Stark	James Crawshaw
Mathew Bosevski	Deborah Glaze	Douglas Carey
Robert Pestell	Aileen McClea	Chris Taylor
Lester Green	Graham Paterson	Andrew Mulholland
Lynton Vestey	Peter McClea	Wanda Gianatti
Diane Dick	Dennis Heinrich	Robert Smith
Ken Messinbird	Marcus Stevens	Vincent Caputi
Edward Tilley	Frank Van Der Boon	Jeff Stewart
William Logie	Borzoo Ghareei Khabbaz	Ronald Dolton
Louise Duncan	Bruce Wickett	Meriel Laird
Gerald Donachie	Roger Harvey	Alan Herbert
Joseph Kong	Ron Lowery	Jane Abbott
Margaret Board	Beres Harris	Ian Mitchell
Ann Drazic	Christopher Lake	Malcolm Duce
Margaret Harry	Jenny Dieckmann	Rosa Gotti
Patrick Power	Albert Bruce Andrews	Dani Gotti
Rosalind Jones	Jan Brown	Darrin Hewitt
Maureen Doyle	Jeffrey Christofis	Helena Rooney
Sjoerd Byl	Geraldine Barham	Georgina Moorcroft
Ross Harvey	John Pymble	George Austin
Robert Barham	George Cercel	Robyn Teschenforff
John Cater	Janet Howard	Emily Richardson
Bernard Bush	Paul Falvey	Peter Wilson
Warwick Peel	Rodney Jeffery	Peter Hawthorn
Jennifer Scalzo	Bruce Lambert	Graeme Woods
Gary Hall	Vivien Broadbent	Pamela Brownlow
Gillian Levy	Neil Franke	Jacob Aronov
Vicki Stuthridge	Roger Fraser	Brian Lubert
Craig Hannah	Penelope White	Julia Williams
Irene Radalj	Patrick Forbes	John Capp

Nick Burne	Susan Read
Brad Jones	Brian Donnelly
Paul Seymour	Vincent So
Berwyn Jarrett	Zachary August
Trevor McGilton	Steven Kunac
John Hall	Coral Goward
Vernon Walther	David Elliott
Paul Fewster	David Livingstone
Yvonne Francis	Cameron Craig
Michael Cohen	
John Wolfensberger	
Raymond Ohanesian	
Phillip Ison	
Kevin Smart	
Ian Amor	
Phill Arbuckle	
Laurene Brittan	
Edward Last	
John Gates	
Hannah Bates	
Scott Lynn	
Regina Fouracre	
Kay Schmidt	
Wayne Bullard	
Bruce Curtis	
Tobias John	
Garrett Jones	
Christine Hopkins	
Phil Heron	
Preetham Kunthurdoddi	
Hanumanthaiah	
Robyn Morgan	
James & Susan Stanwell	
John Maroney	



Appendix B – Hearings and witnesses

Tuesday, 20
November 2018 –
Sydney

*Australian Shareholders’
Association*

Ms Judith Fox, Chief
Executive Officer

Ms Fiona Balzer,
Policy and Advocacy
Manager

*Alliance for a Fairer
Retirement System*

Professor Deborah
Ralston, Chair

*Australian Investors’
Association Ltd*

Mr Graeme Bottrill,
President

*Association of Financial
Advisers*

Mr Philip Kewin,
Chief Executive
Officer

Mr Philip Anderson,
General Manager,
Policy and
Professionalism

Generation Wealth Partners

Mr Joe Jutrisa, Director

*Centre for Independent
Studies*

Mr Simon Cowan,
Research Director

Mr Robert Carling,
Senior Fellow

Community statements

Campbell Edmondson

Alistair Daley

Doug Cummings

John Griffith

Peter Campbell

Wayne Hampton

Margaret Bergomi

Paul Kearnes

Norm Smith

Tom Arrowsmith

John Richard Dixon
Hughes

Roderick Macdougall

Nigel Humphreys

Richard Ives

John Tuckerman

Peter Balderson

Kerrie Bible

Name withheld

Thursday, 22
November 2018 –
Melbourne

*Institute of Public
Accountants*

Mr Tony Greco,
General Manager,
Technical Policy

CPA Australia

Mr Paul Drum,
General Manager,

External Affairs, Policy and Advocacy	John Bailey	<i>Community statements</i>
	Charles Perry	Barry Nolan
<i>Australian Listed Investment Companies Association</i>	Henry Evert	Laurie Shears
	Name withheld	Paul Seymour
Mr Jason Beddow, Chairman	Terrence O'Callaghan	John Griffith
Mr Andrew Hancock, Secretary	Pam Bores	Peter Addisin
	Ian McColl	Douglas Brooker
		Name withheld
<i>Australian Foundation Investment Company Ltd, AMCIL Ltd, Mirrabooka Investments Ltd & Djerriwarrh Investments Ltd</i>	Friday, 30 November 2018 – Dee Why, New South Wales	Ken Boyes
	<i>Wilson Asset Management</i>	Name withheld
Mr Mark Freeman, Chief Executive Officer and Managing Director	Mr Geoff Wilson AO, Chairman	Desmond Campbell
	<i>Australian Council of Social Services</i>	Garry Mackrell
Mr Andrew Porter, Chief Financial Officer	Dr Peter Davidson, Senior Advisor	Greg Cook
Mr Ross Barker, Director	<i>Financial Services Council</i>	Graham Dawson
<i>Grattan Institute</i>	Mr Michael Potter, Senior Policy Manager, Economics & Tax	Wayne Strandquist
Danielle Wood, Program Director, Budget Policy and Institutional Reform	<i>Association of Superannuation Funds of Australia Ltd</i>	Rajesh Arora
<i>Community statements</i>		Geoffrey Walsh
John Ovens	Dr Martin Fahy, Chief Executive Officer	Sandra Rim
Name withheld	Mr Glen McCrea, Deputy CEO and Chief Policy Officer	John Cook
Name withheld		Michael Morris
Peter Bellairs	Mr Ross Clare, Director of Research	George Paul
Rob Garnsworthy		John Knutsen
Geoff Stevens		Steve Martin
		Tuesday, 29 January 2019 – Townsville, Queensland
		<i>Community statements</i>
		Mr George Christensen MP

Dr John Mayo	Patrice Butterworth	Noel Wendt
Rex Grattidge	Cyril Gaudart	Janette Moore
Name withheld	Alan Stubbs	Max Barton
Gil Fletcher	Ray Trestrail	Dr Denver Beanland
Ann Nelson	Rick Morgan	Robert Reid
Name withheld	Maree Sutton	Simon Jeffrey
Tim Kesteven	Lynne Cadell	David Warner
Carl Valentine	Gordon McKean	Barbara Leis
Michael Kevike	Kevin Farrell	Ray White
Carol Moss	Maggie Travers	Leo Blumkie
Dennis Di Bartolo	Horace Hurt	James Farrell
Warwick Johnston	Graeme Robinson	Tim Wilshire
Norm Locke	John Stacey	Chris White
Peter Thompson	John Dickie	Name withheld
Wednesday, 30 January 2019 - Alexandra Headland, Queensland	Richard Hackett Jones	Steven Allsop
	Peter Kerridge	Name withheld
	Greg Schmidt	Name withheld
<i>Community statements</i>	John Hockett	Richard Harvey
Mr Andrew Wallace MP	Wayne Wells	Peter Black
	Greg Thompson	David James
Mr Ted O'Brien MP	Jayne Graving	Mike Hanlon
Keith Muller	Bill Myers	Gabrielle Power West
Helen Sava	Lyle Essley	Ron Baronoff
Jim Gregg	Rory McDougall	Laurie Lingard
Bernie Treston		Paul Scar
Rod Ashlin	Wednesday, 30 January 2019 - Paddington, Queensland	Janette Moore
Russell Picton		Name withheld
John Payne	<i>Community statements</i>	

**Thursday, 31 January
2019 – Eight Mile
Plains, Queensland**

Community statements

Margaret Paull
Robert Brown
Lyndall Croner
Ian Mitchell
Peter Smithard
Michael Murphy
Arthur Trindall
Colin Vebergana
Mark Mackintosh
Dianne Read
Brian Doyle
Jon Kalkman
Margot Kalkman
Peter Mackinlay
Vince Watson
Peter King
Laurence Dunn
Gary Golding
Rodney Lovell
Caji De Souza
Karla Henry
Frank Farrall

**Thursday, 31 January
2019 –**

**Upper Coomera,
Queensland**

Community statements

Name withheld
Peter Allison
Jillian Thomas
Graeme Reinbott
Peter Fitzgerald
Rob Grover
John Burrows
John Hicks
Chris Licina
Arthur Smith
Terry Matthews
Eric Ross
Tony Greneger
Bruce Weatherhog
Rhonda Cadzow
Rob Davis
Bill Kendall
Robert Boulton
Ron Rushbrooke
Jenny Stewart
David Mattner
Viv Grayson
Colin Coyne
Tony Alder
Ian Barker
Charles Duncan

Don Espey
Robert Enmore
Gordon Shaw
Jerome Mills
Adrian Wood
Joe Novak
Ray Bricknell
Steve Rowland
Carolyn Baker

**Monday 4 February
2019 – Merimbula,
New South Wales**

Community statements

John Beever
Baden Cameron
Name withheld
Jon Gaul
Leonard Toyne
Chris Young
Meg Rowland
Bernard Shea
Darren Stevens
Chris Sparks
Gary Skelton
Mark Simmons
Colin McPherson
Greg Thompson
Auriel Weygold

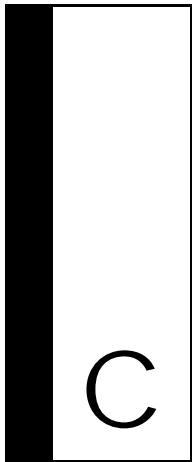
Suzanne Simon	Brian Hancock	Stephen Hooper
Andrew Thaler	John Watson	Max Stuart
Ian Bovill	John Dressler	Name withheld
Ian Armstrong	Geoff White	Rod Jeffrey
Jo Thorpe	Greg Blainey	Stephen Koukoules
Fiona Kotvojs	John Flint	Ray Wheeler
Friday 8 February 2019 – Chatswood, New South Wales	David Robinson	Name withheld
<i>Community statements</i>	Geoff Dunstan	Name withheld
Dr Neil Conn	Geoff Graham	Doug Cummings
Jenny Hopper	Sue Raynes	Richard Martin
John Warner	Greg Ferris	Peter Gooden
Phil Burge	Brendan O’Connell	Jerry Adler
Elli Tsiros	Nina Truelove	Andrew Murray
Alan Pierce	Anne Felici	Name withheld
Pauline Bartle	Steven Jones	Richard Smolenski
Ron Hicks	Name withheld	Peter Vincent
Marian Inverarity	Friday 8 February 2019 – Bondi Junction, New South Wales	Paul Mason
Len Walker	<i>Plato Investment Management Limited</i>	Peter Marincowitz
Pamela Alvarez	Dr Don Hamson, Managing Director, and Dr Peter Gardener, Senior Portfolio Manager	Monday, 25 February 2019 - Carlisle, Western Australia
David Dobbin	<i>Community statements</i>	<i>Community statements</i>
David Sweeting	Harold Shapiro	Glenn Diggins
Geoff McLauchlan		Lorraine Graham
Ray Grindley		Jo George
Cres James		David Harley
Name withheld		David Downing
Peter McIver		Gary Carter

Kerry Lovegrove	Monday, 25 February - Guildford, Western Australia	Andy Yukich
Geoff Backman		William Pearce
Marlene Donovan	<i>Community statements</i>	Valerie Loverock
Trevor Thomas	Anne Pryor	Andrew de Szerke
Bill Marsell	Kevin Blitz	Clive Mariano
J Southcombe	Philip Carman	Ted Kennedy
Name withheld	Gerard Quesnel	Lisa Gibbs
Jane Abbott	Ron de Gruchy	Peter Robinson
Nicholas Smith	Paul Druitt	John Edgecombe
Jon Meakins	Graeme Benson	Rob Sachse
Trevor Ridgeway	Edward Ion	Tuesday, 26 February - Norwood, South Australia
Peter Galellis	Ray Cormack	<i>SMSF Association</i>
Kok Foo Chang	Brian Attwood	Mr John Maroney, Chief Executive Officer
Ian Moller	Peter Fuhrmann	Mr Jordan George, Head of Policy
Peter Clayton	Peter Gregory	<i>National Seniors Australia</i>
Geoff Shaw	Name withheld	Mr Ian Henschke, Chief Advocate
Jan Hollingsworth	Daniel Carney	<i>Community statements</i>
Wynt Maddeford	Tony Harding	Arthur Cook
John Pritchard	Howard Watts	Richard Thomas
Andrew King	Ernie Devries	Neil Devitt
Peter Cann	Brian Stone	Liviv Vesnaver
Jim Shepherd	Gina Davidson	Nola Carter Marshall
Bradley McGuire	Rosalie Jones	Brian Davey
Peter Lorder	Ian Perry	Terrence Finlay
David Verster	Tony Anderson	
Peter Gellelis	Joe Budrovich	
Kok Foo Chang	Stan Bajdo	
	Lazlo Lenard	

Ferris Baigent	John Hails	Peter May
Michael Nordstrom	John Turner	John Hunt
Ann Bailey	Elspeth Reid	Andy Lee
Denis Toohey	Tuesday 19 March 2019 – Malvern, Victoria	Shelley Jones
John Connell		Robert Allan
Michael Ford		Brenda Hutchinson
Tony Cole		Bob Chapman
Barry Turner	<i>Community statements</i>	
Sam Linnell	Rob Rouch	Malcolm Faul
Greg O’Connell	William Johnson	Sharif Eldebs
Craig Brown	David Dolan	Name withheld
Enrico Lucehesi	Dianne Edwards	Name withheld
Steve Colquhoun	Ray Keddie	John Banks
Jim George	Ron Lesh	Tim Kirwin
Keith Banfield	David Wollan	Angela Walker
Keith Potts	Dr Katie Allen	Name withheld
Graham Southern	Barbara Godwin	Tuesday 19 March 2019 – Brighton, Victoria
Kent Bermingham	Ian Singleton	
Kenneth Scott	Irwin Hirsh	
Stephen English	Tom Rado	
Peter Rawson	Lili Gans	<i>Community statements</i>
Rob Morrison	Richard Jackson	Jack Fryer
Anne Fletcher	Pat English	Andrew Scott
Patricia Van Baalen	Margaret Farmer	Name withheld
Mary Starck	Robin Murtagh	Darrell Mackenzie
Dianne Stanborough	Julia Scott	Name withheld
Ralph Greenham	Michael Doyle	Bill Lowe
Bob Cruse	Marie Davis	Ian Perdriau
	Kaye Fallick	Colin Knight
		David Hainsworth

Peter Paul	Wednesday 20 March 2019 – Mount Martha, Victoria	Martin Hayden
Sally Young		Mike Middleton
Janice Cook	<i>Community statements</i>	Ken May
Ian Horsburgh	Name withheld	Name withheld
Brian Joseph	Robert Hudson	Rodney Simmons
Stephen Weiss	Arthur Rankin	Wednesday 20 March 2019 – Torquay, Victoria
John Fennell	Marg Darcy	
Tony Dillon	Elizabeth Johnson	<i>Community statements</i>
Ian Urquhart	Tony Mussert	Jamie Collis
Richard Potter	Mary McIntyre	Traff Morgan-Taylor
Rob Little	Ken May	Irwin Faris
Stuart Nicholls	Chris Fellows	Name withheld
Graham Craig	John Gates	Name withheld
Rick Thiele	David Hosking	Graeme Ward
David Railton	Jeff Seager	Margaret Vise
Richard Roberts	Janet Groves	Bill Poynton
Ray Cupido	Mike Middleton	David Parkinson
Alan Flanders	Martin Hayden	Phil Mounsey
Sandy Anderson	Rosemary Storey	John Pohlman
Ian Armstrong	Greg Clapp	Ted Allen
Name withheld	Tim Knaggs	Jim Nichola
Name withheld	Ed Fischer	Eric Wells
Name withheld	Andrew Dixon	Roger Pierce
Kent Fuller	David Eskdale	John Girling
Kate Ashmor	Ian Dickie	Trevor Mildenhall
	Lynette Gates	Andrew Morris
	Geoff Coghill	David Michell
	Arthur Rankin	

The Hon. Sarah Henderson MP	Denton Bocking
Walter Wiggs	John Brown
Graeme Hawkins	Peter Whitehead
John Buckis	Ross Ramsay
John Pohlman	Karen Simpson
Traff Morgan-Taylor	Dave Roberts
Jim Nichola	Robert Gunning
	Brian Weston
Tuesday 26 March 2019 – Canberra	Dan Steiner
<i>The Australia Institute</i>	Norm Toma
David Richardson, Senior Research Fellow	Dr Robert Cason
	Grant Pearce
	Dudley John Mills
<i>Private capacity</i>	
Associate Professor Geoff Warren	
<i>Self-managed Independent Superannuation Funds Association</i>	
Michael Lorimer, Managing Director	
<i>Australian Super</i>	
Phil Gallagher PSM, Special Retirement Policy Advisor	
Matt Linden, Deputy Chief Executive	
<i>Community statements</i>	
Peter Barker	
Richard Williams	



Appendix C – Treasurer’s letter

Letter received 19 September 2018

Dear Chair,

I am writing to request that the House of Representatives Standing Committee on Economics undertake an inquiry into refundable franking credits.

Refundable franking credits have been a long standing feature of our tax system and investors, including retirees have made long term retirement saving decisions based on continuing to receive refundable franking credits. There is significant concern and uncertainty within the community following the announcement by the Labor party they will increase taxes on retirees and other savers by removing refundable franking credits.

I therefore ask that the Committee inquire into and report on the use of refundable franking credits, their benefits and the implications of their removal, including:

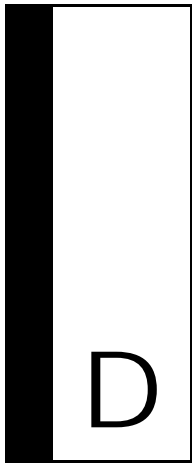
- analysis of who receives refundable franking credits, the opportunities it provides to offer alternative savings and investment vehicles to low and middle income earners, and the impact it has on lowering tax bills
- consideration of how refundable franking credits support tax principles, particularly implications for tax neutrality, removal of double taxation and fairness
- if refundable franking credits are removed; who it would impact and how and the implications from expected behavioural change by investors, including for
 - increased dependence on the pension

- stress and complexity it will cause for Australians, including older Australians to adjust their investments
- if there are carve outs applied, what this might mean for additional complexity, uncertainty and fairness
- reduced incentives to save and distortions to which asset classes are invested in and funds are used, and
- the reliability of providing a sustainable revenue base over the longer term.

I request that the Committee completes its inquiry during the current term of Parliament.

Yours sincerely

JOSH FRYDENBERG



Appendix D – Labor’s policy

A Fairer Tax System: Ending cash refunds for excess imputation

The global economy is improving, and the Australian economy has continued its run of uninterrupted growth. Despite these improving conditions, the Commonwealth budget remains in a weak structural position.

The deficit in 2017-18 is estimated to be \$24 billion, eight times the deficit forecast in the first Coalition budget. At the same time we have record net debt for the next three years, and gross debt now greater than half a trillion dollars. Of most concern is that the return to surplus continues to rely on a tax hike for middle Australia delivered in last year’s budget.

The Government has failed to put forward a credible medium-term budget plan to return the budget to a sustainable surplus position to be able to start paying down debt. Australia is ill prepared for another global economic shock without the fiscal headroom needed to respond.

Much of the budget situation today can be attributed to short-sighted fiscal decisions during the Howard-Costello years. In 2000 the Coalition Government presided over a 1-2% structural surplus. Despite the record terms of trade boom this healthy structural surplus became a structural deficit by the time they left office.

Budget decisions are about priorities. And when it comes to budget repair the Turnbull Government’s priorities are clear. Instead of looking at closing down

loopholes and reforming tax concessions, they choose to increase income taxes on low and middle income workers.

Australia's tax base is under pressure. And working Australians are already being asked to shoulder the heaviest burden of budget repair.

The dividend imputation system introduced by Paul Keating in 1987 was a key plank of the Hawke-Keating economic reforms that has helped underpin Australia's 26 years of recession-free growth. There is no stronger supporter of the original dividend imputation system introduced by the former Hawke-Keating government than the Labor Party. We delivered it. And we support it.

But the Howard Government's decision in 2000 to allow individuals and superannuation funds to claim cash refunds for excess imputation credits is simply unaffordable, and will impede the ability of future governments to pay for good-quality health and other services.

Labor has taken a principled and responsible approach to tax reform – targeting unaffordable and unfair loopholes and concessions in the system to ensure that the Budget is able to provide important services like schools and Medicare.

What's the problem?

The dividend imputation system was introduced in 1987 by Paul Keating to ensure that the profits of companies operating in Australia are only taxed once for Australian investors.

Under the Keating system, imputation credits were attached to dividends equal to any company tax paid on the company's profits. These credits could then be used to reduce an individual's tax liabilities. If someone didn't have a tax liability, or the tax liability was smaller than the imputation credits, the imputation credits went unused. No cash refunds were paid.

"[imputation] credits will not give rise to cash refunds where it exceeds tax otherwise payable" Paul Keating, Ministerial Statement, 19 September 1985

The dividend imputation system matured and became entrenched in Australia's tax system over a period of strong economic growth.

The Howard Government's approach to budgeting caused a significant worsening of the structural budget position. Despite experiencing record increases in our terms of trade and national income, much of the revenue went to new spending commitments and tax concessions for wealthy Australians – including the refundability of imputation credits.

In the Ralph Review and “A New Tax System” reforms, the Howard Government changed the dividend imputation laws to allow individuals and superannuation funds to claim cash **refunds** for any excess imputation credits that were not used to offset tax liabilities.

That is, when an imputation credit was greater than their tax liability, they received a cheque at tax time. The purpose of dividend imputation was to reduce tax paid, and now individuals – many wealthy individuals – were getting a cash bonus.

Imputation (franking) credits – An explainer

Imputation was introduced by the Hawke-Keating Government in 1987.

Before then, company profits were taxed at the company income tax rate, and when those taxed profits were distributed to shareholders as dividends, the shareholders were required to pay personal tax on their dividend income. In effect, the company profits were taxed twice: once as company income and again as personal dividend income.

For example, if a company made \$100 profit and paid \$30 tax (30% company tax rate \times \$100 profit), then it has \$70 left it can pay out as dividends. Shareholders then were subject to tax on that \$70 at their own tax rate.

The original dividend imputation system removed this double taxation of company profits.

Using the same example, suppose a company generates a profit of \$100 and under current company tax arrangements pays \$30 in tax (30% company tax rate \times \$100 profit). The company decides to pay out the full \$70 out in dividends to shareholders. Because the company has already paid \$30 in tax on this company income, it attaches \$30 worth of “imputation credits” (often referred to as franking credits) in addition to the \$70 dividend. This means the shareholder now has \$70 cash, plus \$30 of imputation credits – a grossed up dividend of \$100.

Under the original dividend imputation system, the \$30 imputation credit could be used by a shareholder to reduce their tax liability which ensured that tax would not be paid a second time on this income.

Importantly, under this original system, cash refunds could not be claimed if any imputation credits exceeded someone's tax liabilities.

Refundability was then introduced by the Howard-Costello Government in 2001.

Under the Howard-Costello changes, using the same example, shareholders who received this \$30 imputation credit could use it to reduce their tax liabilities at tax time (as under the original dividend imputation system), but they could also claim it as a cash refund if the value of their imputation credits exceeded their tax liabilities.

The ability to claim cash refunds has become particularly attractive to self-managed superannuation funds because in pension phase assets are already tax free, which typically means the total value of any imputation credits received can be claimed as cash refunds.

Note: Foreign shareholders do not receive the same benefit of imputation credits available to Australian residents.

Fiscal context

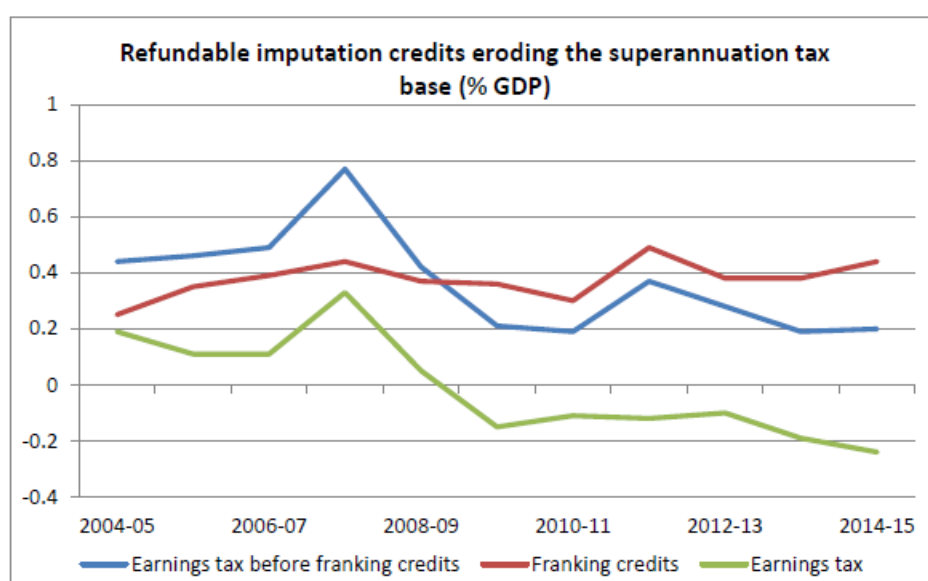
This policy decision – like much of the largesse of the Howard era – created a fiscal time bomb. When the Howard Government introduced cash refunds its estimated cost was just \$550 million a year.

If the current arrangements are allowed to continue, future governments will be faced with an \$8 billion annual hole in the budget over the medium term. Losing \$8 billion a year in revenue is equivalent to more than Commonwealth spending on Australia's public schools this year.

The decision to introduce cash refunds for excess imputation credits came at a time when the budget was in structural surplus of 1-2% GDP, and when superannuation assets in retirement were not tax free.

The current arrangements are unsustainable and will increasingly undermine the medium- and long-term fiscal position. This is clearly evident in how the refundability of imputation credits is eroding the superannuation tax base.

Analysis undertaken by the Parliamentary Budget Office shows that despite the superannuation and retirement income systems maturing with more people entering retirement and superannuation assets topping \$2.5 trillion, **superannuation earnings taxes are now a net drain on the budget.**



Source: Parliamentary Budget Office based on 2014-15 Tax Statistics data

As the Grattan Institute has observed: “The effective tax rate on superannuation fund earnings in the benefits phase is negative since funds pay no tax on earnings but receive full refunds on any unused dividend imputation credits”.¹

With an ageing population and a maturing superannuation system, the cost of allowing cash refunds for excess imputation credits will continue to grow. In 2016 there were 3.7 million Australians aged 65 and over. By mid-century there will be 8.7 million.²

There is a growing awareness that Australia’s current fully refundable dividend imputation system is fiscally unsustainable.

1 <https://grattan.edu.au/wp-content/uploads/2015/11/832-Super-tax-targeting.pdf>

2 <https://www.aihw.gov.au/reports/older-people/older-australia-at-a-glance/contents/demographics-of-older-australians/australia-s-changing-age-and-gender-profile>

“There are some revenue concerns with the refundability of imputation credits”

Re-think: Tax Discussion Paper, 2015

“...our current system of full, refundable dividend imputation is likely to be too generous to domestic Australian investors”

Tax and Transfer Policy Institute, 2017

“The refundability of imputation credits should be addressed. This was introduced for some taxpayers many years after the imputation system commenced”

Deloitte, submission to Tax Discussion Paper, 2015

“The first is that Australia is a substantial outlier internationally here. It is the only country with a refundable franking credit system”

Grant Wardell-Johnson, Partner KPMG, August 2017

“I think the bottom line is that in economic terms, it [cash refunds] doesn’t make any sense at all”

Professor John Hewson, Mckell Institute lunch, March 2018

Furthermore, Australia is now one of only a few OECD countries that have a dividend imputation system and **is the only country with fully refundable imputation credits.**

Refundable tax credits are an anomaly in the Australian tax system, as most tax concessions in Australia are non-refundable tax offsets. Tax offsets such as the Low Income Tax Offset (LITO) and the Seniors and Pensioners Tax Offset (SAPTO) can be used to reduce tax liabilities, but cannot be claimed as cash refunds.

Australia benefits greatly from a large diversified pool of superannuation savings, which helped avoid the worst effects of the global financial crisis. However, we are now seeing a decline in diversification partly because of the strong incentive to maximise imputation credit cash refunds, particularly in SMSFs. A less diversified pool of national savings leaves Australia more vulnerable to financial shocks.

This is also why Labor announced last year it will ban limited-recourse borrowing in SMSFs because increased leverage in superannuation funds increases the

probability of large losses, which in turn create an unacceptable risk to the financial system more broadly.

Who benefits from the current arrangements?

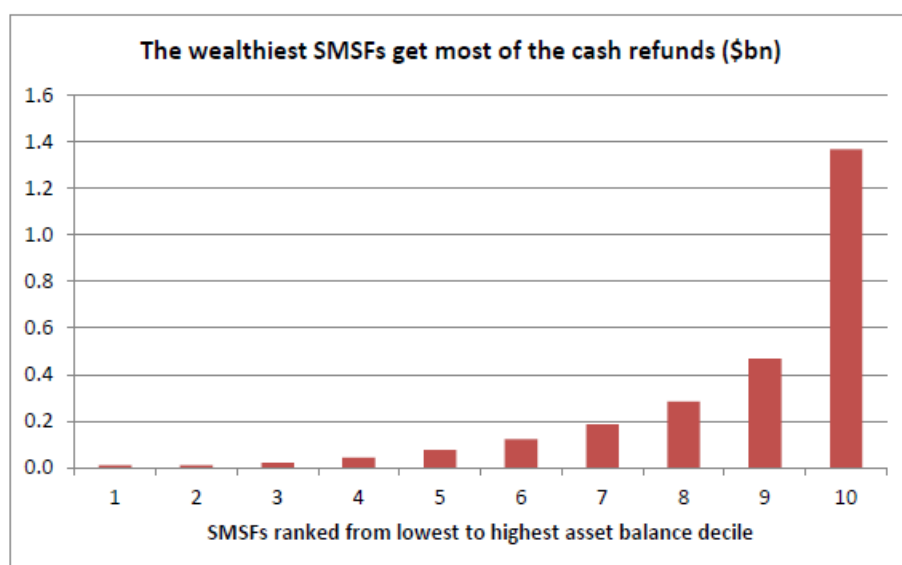
The vast majority of working Australians don't receive cash refunds for excess imputation credits. Working Australians typically go to work and pay their PAYG taxes and if they own shares they use imputation credits to offset their personal income tax liabilities. That is, they pay less tax but don't receive a cash refund.

Analysis from the PBO shows that **92% of taxpayers in Australia do not receive any cash refunds for excess imputation credits.**

Recipients of cash refunds are typically wealthier retirees who aren't PAYG tax payers. These are people who typically own their own home and also have other tax-free superannuation assets.

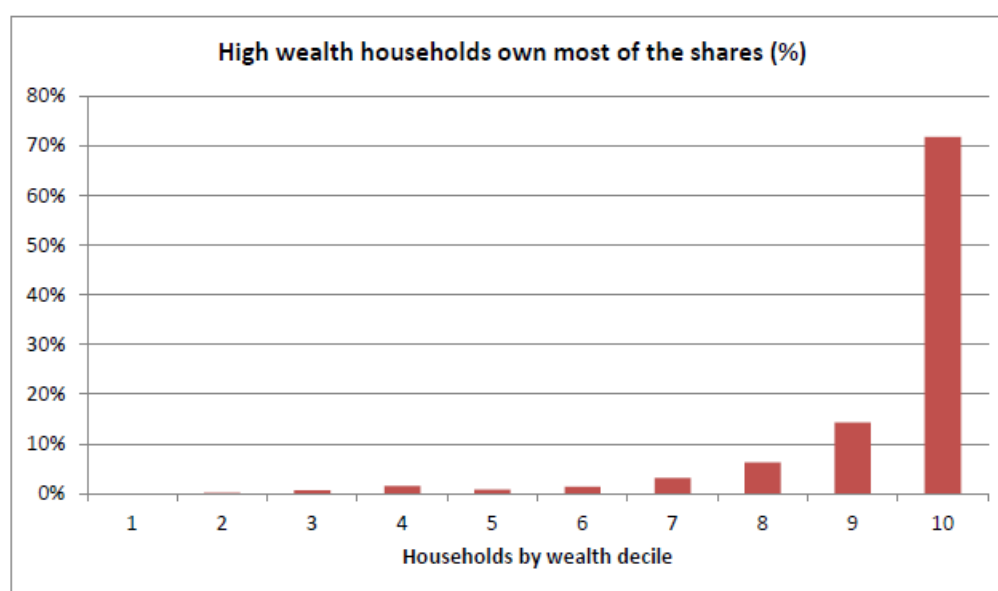
Distributional analysis from the PBO shows that (for the 2014-15 year):

- 90% of all cash refunds to superannuation funds accrued to SMSFs (just 10% go to APRA regulated funds) despite SMSFs accounting for less than 10% of all superannuation members in Australia;
- Of all excess imputation credits refunded to SMSFs, **50% of the total benefits go to the wealthiest 10% SMSF balances (which have balances in excess of \$2.4 million);**
- The top 1% of SMSFs received a cash refund of \$83,000 (on average) – an amount greater than the average full time salary; and
- Some SMSF funds received cash refunds of up to \$2.5 million.



Source: Parliamentary Budget Office based on 2014-15 Tax Statistics data

Wealthier retirees are more likely to claim a cash refund because share ownership is highly concentrated amongst wealthier households. ABS data shows that **10% of the wealthiest households own nearly three quarters of the value of all shares in Australia.**



Source: Parliamentary Budget Office based on the 2015-16 Household Expenditure Survey and Survey of Income and Housing

Some individual retirees who receive cash refunds of imputation credits are classified as having “low taxable incomes” – otherwise they wouldn’t get a refund. These retirees are typically “high wealth, low income” and have other wealth in

addition to their share portfolios, such holding other assets in tax free superannuation funds.

Low wealth households typically don’t benefit from the current taxation arrangements – they have little capacity to accumulate the wealth needed to do so. The recent ABS *Household and Income Wealth* report indicates that low-wealth retiree households receive virtually all (96%) of their income from government pensions and allowances.

What will Labor do?

Labor will unwind the 2000 Howard Government decision that introduced cash refunds for excess imputation credits for individuals and superannuation funds.

This means that imputation credits for individuals and superannuation funds will no longer be a refundable tax offset, and will return to being a non-refundable tax offset consistent with the tax treatment of most other tax offsets. Cash refunds will not arise if excess imputation credits exceed tax liabilities.

Labor’s policy will only apply to individuals and superannuation funds, and therefore will not apply to bodies such as:

- ATO endorsed income tax exempt charities; and
- Not-for-profit institutions (e.g. universities) with deductible gift recipient (DGR) status.

The PBO estimates that Labor’s policy:

- will not affect the vast majority (92%) of individual taxpayers; and
- will affect around 200,000 SMSFs;

Given most APRA regulated superannuation funds are typically not large beneficiaries of the current refundability arrangements this policy will have only a small impact on these funds.

The policy will begin on 1 July 2019. This policy will save \$11.4 billion over the forward estimates from 2018-19 and \$59 billion over the decade to 2028-29.

Implementation

Labor will consult with the Australian Taxation Office, Treasury and tax experts on the implementation of this policy. Labor has already announced it would provide substantial new resources to the ATO to ensure its policies are implemented effectively.

	2018-19	2019-20	2020-21	2021-22	Forward Estimates
Total financial impact (UCB)	-2	-1	5,600	5,800	11,397

E

Appendix E – Parliamentary Budget Office policy costing

Policy costing

Dividend imputation credit refunds	
Person/party requesting the costing:	Senator David Leyonhjelm, Liberal Democratic Party
Date costing completed:	4 May 2018
Expiry date of the costing:	The release of the 2018-19 Budget.
Status at time of request:	Submitted outside the caretaker period <input checked="" type="checkbox"/> Confidential <input type="checkbox"/> Not confidential
<p>Summary of proposal:</p> <p>The proposal involves two options to change the tax treatment of franking credits attached to distributions (otherwise known as imputation credits) from a refundable tax offset to a non-refundable tax offset:</p> <p>Option 1: Make franking credits non-refundable for all individuals and superannuation funds.</p> <p>Option 2: Make franking credits non-refundable for individuals and superannuation funds, except for recipients of Australian Government pensions and allowances with individual shareholdings, and self-managed superannuation funds with at least one member who is an Australian Government pension or allowance recipient before 28 March 2018.</p> <p>The proposal would have effect from 1 July 2019.</p> <p>The request sought details on the following as a proportion of gross domestic product (GDP) from 2004-05 to 2014-15:</p> <p>superannuation earnings tax before franking credits</p> <p>franking credits associated with this earnings tax</p>	

earnings tax after franking credits

company tax paid giving rise to those franking credits.

The request also specified tables for the number of individuals and superannuation funds directly affected in 2019-20 and specified tables for the analysis of individuals and superannuation funds in 2014-15.

Costing overview

Background

Dividend imputation applies to some Australian-source dividend income, reducing the amount of income tax paid by Australian resident shareholders.

Under the dividend imputation system, Australian resident companies that distribute dividends from after-tax profits have the option of passing on franking credits (also known as imputation credits) to their shareholders, attached to the dividends they receive. This provides shareholders with a credit for the tax that a company has paid on its profits.

Shareholders include an amount equal to the franking credit attached to their dividend in their assessable income for tax purposes. Australian residents and complying superannuation funds are entitled to claim a tax offset equal to the amount of franking credits included in their income.

This franking credit tax offset can be used to reduce a taxpayer's tax liability from all forms of income. Currently, any excess franking credits are refunded to the taxpayer by the Australian Taxation Office (ATO).

Under Option 1, franking credits would become non-refundable for all individuals and superannuation funds. Under Option 2, franking credits would become non-refundable for individuals who do not receive an Australian Government pension or allowance and for superannuation funds, except for self-managed superannuation funds with at least one member who is an Australian Government pension or allowance recipient before 28 March 2018.

Financial impact

Option 1 would be expected to increase the fiscal and underlying cash balances by \$5,597 million over the 2017-18 Budget forward estimates period. This impact primarily reflects increases in revenue, but also includes a non-ongoing increase in departmental expenses for the ATO.

Table 1: Financial implications (\$m) – Option 1 (no exclusions)^{(a)(b)}

	2017–18	2018–19	2019–20	2020–21	Total to 2020–21
Fiscal balance	-	-2	-1	5,600	5,597
Underlying cash balance	-	-2	-1	5,600	5,597

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Option 2 would be expected to increase the fiscal and underlying cash balances by \$5,197 million over the 2017-18 Budget forward estimates period. This impact primarily reflects increases in revenue, but also includes a non-ongoing increase in departmental expenses for the ATO.

Table 2: Financial implications (\$m) – Option 2 (excluding Australian Government pension and allowance recipients)^{(a)(b)(c)}

	2017–18	2018–19	2019–20	2020–21	Total to 2020–21
Fiscal balance	-	-2	-1	5,200	5,197
Underlying cash balance	-	-2	-1	5,200	5,197

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

(c) The proposal would not apply to individuals who receive Australian Government pension and allowance payments in the year of assessment. The proposal would also not apply to self-managed superannuation funds with at least one member who is a recipient of an Australian Government pension or allowance payment before 28 March 2018.

- Indicates nil.

Both options would be expected to have an ongoing financial impact beyond the 2017-18 Budget forward estimates period. The detailed financial implications of both options over the period to 2027-28 are included at [Attachment A](#).

Both options of the proposal would be expected to result in an increase in departmental expenses of \$2 million in 2018-19 and \$1 million in 2019-20. These expenses reflect the cost to the ATO of implementing the proposal, including compliance, system changes and information campaigns.

This costing is subject to uncertainties surrounding income and population growth rates, changes in the number of individuals and superannuation funds with excess franking credits, changes to dividend payout ratios, relative returns between asset classes, preferences of self-managed superannuation fund account holders, volatility in the earnings of companies that pay franked distributions, and behavioural responses to recent superannuation measures. There are also significant uncertainties around the behavioural responses of affected individuals, superannuation funds and companies to the proposal.¹

The requested details on superannuation earnings tax, superannuation franking credits, superannuation earnings tax after franking credits and company tax paid giving rise to those franking credits is provided at [Attachment B](#). The value of franking credits is equal to the company tax paid giving rise to those franking credits, as a franking credit balance only arises where company tax is paid. The timing of the payment of company tax associated with the claimed franking credits is not separately identifiable.

¹ There are inherent uncertainties in all policy costings, regardless of who produces them. For a more detailed discussion of the nature and sources of these uncertainties see PBO information paper no. 01/2017, *Factors influencing the reliability of policy proposal costings*.

The specified distributional analysis of the number of individuals and superannuation funds directly affected in 2019-20 and analysis of individuals and superannuation funds in 2014-15 are included at [Attachment C](#).

Key assumptions

There are a number of potential behavioural responses to the proposal from individuals and superannuation funds, as well as from companies that distribute franked dividends.

- For individuals, potential behavioural responses could include shifting from shares to alternative investment arrangements (including to investments within superannuation), and couples shifting the ownership of shares from the lower income earner to the higher income earner such that the higher income earner can utilise the franking credits as a non-refundable tax offset.
- For superannuation funds, potential behavioural responses could include rolling assets from a fund with negative net tax to a fund with positive net tax, changing funds' asset portfolio allocations, or changing the membership structure of the fund, in order to maximise the utilisation of franking credits.
- For companies, a potential behavioural response could include changing the amount of dividends distributed (and profits withheld) or the level of dividend franking due to the decrease in the value of franking credits for some shareholders.

Behavioural responses to the changes to the treatment of franking credits have been incorporated into this costing for individuals and superannuation funds with excess franking credits. This has led to a reduction in the revenue gain arising from the proposal.

Under Option 2, the Parliamentary Budget Office (PBO) has assumed that the number of superannuation funds with a member who was a recipient of an Australian Government pension or allowance before 28 March 2018 would decline over time.

The impact on payments to Australian Government pension and other income support recipients due to changing the tax treatment of franking credits would not be expected to be significant over the time period examined and has not been included in this costing.

- Over the longer term, the proposal may lead to changes in assets held directly by, or through the superannuation accounts of individuals which may subsequently result in a change in means-tested payments. The PBO does not expect this impact to be significant over the time period examined.

Methodology

Costing

The costing was based on a 16 per cent sample of de-identified personal income tax returns for the 2014-15 financial year, tax schedules for superannuation funds (including self-managed superannuation funds) for the 2013-14 and 2014-15 financial years, and the full dataset of de-identified personal income tax returns for the 2013-14 financial year.

The data was used to estimate the amount of revenue expected to be collected under current policy settings (including the recent superannuation policy changes and scheduled company and individual tax rate changes), and then again if franking credits were changed from a refundable tax offset to a non-refundable tax offset for affected individuals and superannuation funds, as outlined in this proposal. An adjustment was made for individuals and superannuation funds with excess franking credits to account for behavioural responses to the proposal.

- The costing was derived by calculating the difference in revenue under these two scenarios.

The modelling has taken into account the timing of tax collections.

Departmental expenses were estimated based on amounts allocated to the ATO for measures with similar administrative complexity.

Revenue estimates have been rounded to the nearest \$100 million. Departmental expense estimates have been rounded to the nearest \$1 million.

Historical budget analysis at Attachment B

The PBO has made assumptions relating to the conversion of revenue (an accrual measure) to receipts (a cash measure) for contributions tax, earnings tax and franking credits.

The total amount of assessable superannuation contributions was calculated by deducting insurance premiums and superannuation surcharges from total assessable contributions. The 15 per cent statutory tax rate was applied to this amount to derive total contributions tax. A timing assumption was applied to convert from accrual to cash estimates. Earnings tax was then estimated as the residual of total superannuation taxes after excluding contribution tax.

The accrual measure of franking credits was converted to a cash measure using a timing assumption. The timing reflects that franking credits are only claimed on assessment, and has the effect of shifting the cash basis of franking credits from one financial year to the next.

Data sources

The ATO provided a 16 per cent sample of de-identified personal income tax returns for the 2014-15 financial year, tax schedules for superannuation funds (including self-managed superannuation funds) for the 2013-14 and 2014-15 financial years, and the full dataset of de-identified personal income tax returns for the 2013-14 financial year.

ATO, 2017, *Superannuation fund data to 2014-15*, Canberra: Commonwealth of Australia.

ATO, 2017, *Taxation Statistics 2014-15*, Canberra: Commonwealth of Australia.

Treasury provided economic forecasts for personal income and superannuation tax as at the 2017-18 Mid-year Economic and Fiscal Outlook report.

PBO, 2014, 01/2014 *Trends in Australian Government Receipts 1982-83 to 2012-13*, Canberra: Commonwealth of Australia.

RiceWarner, 2017, *Superannuation Market Projections*, Sydney: Ricewarner.

- Dividend imputation credit refunds – financial implications

Table 1: Dividend imputation credit refunds – Option 1 (no exclusions) – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	Total to 2020–21	Total to 2027–28
Revenue													
<i>Superannuation funds</i>	-	3,400	3,600	4,000	4,400	4,500	4,900	5,000	5,100	3,400	34,900
<i>Individuals</i>	-	2,200	2,200	2,200	2,300	2,100	2,000	1,900	1,800	2,200	16,700
Total - revenue	-	5,600	5,800	6,200	6,700	6,600	6,900	6,900	6,900	5,600	51,600
Expenses													
<i>Departmental</i>													
<i>Australian Taxation Office</i>	-	-2	-1	-	-	-	-	-	-	-	-	-3	-3
Total - expenses	-	-2	-1	-	-	-	-	-	-	-	-	-3	-3
Total	-	-2	-1	5,600	5,800	6,200	6,700	6,600	6,900	6,900	6,900	5,597	51,597

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.

Table 2: Dividend imputation credit refunds – Option 2 (excluding Australian Government pension and allowance recipients) – Fiscal and underlying cash balances (\$m)^{(a)(b)(c)}

	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	Total to 2020–21	Total to 2027–28
Revenue													
<i>Superannuation funds</i>	-	3,300	3,600	3,900	4,300	4,400	4,800	5,000	5,100	3,300	34,400
<i>Individuals</i>	-	1,900	1,900	1,900	1,900	1,800	1,700	1,600	1,500	1,900	14,200
Total - revenue	-	5,200	5,500	5,800	6,200	6,200	6,500	6,600	6,600	5,200	48,600
Expenses													
<i>Departmental</i>													
<i>Australian Taxation Office</i>	-	-2	-1	-	-	-	-	-	-	-	-	-3	-3
Total - expenses	-	-2	-1	-	-	-	-	-	-	-	-	-3	-3
Total	-	-2	-1	5,200	5,500	5,800	6,200	6,200	6,500	6,600	6,600	5,197	48,597

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

(c) The proposal would not apply to individuals who receive Australian Government pension and allowance payments in the year of assessment. The proposal would also not apply to self-managed superannuation funds with at least one member who is a recipient of an Australian Government pension or allowance payment before 28 March 2018.

.. Not zero but rounded to zero.

- Indicates nil.

Superannuation earnings tax and franking credits as a proportion of GDP

Contributions tax and earnings tax are not separately identifiable in tax collections. As such, the split between the two was estimated and is subject to uncertainties arising from assumptions required to separately identify earnings tax and contributions tax.

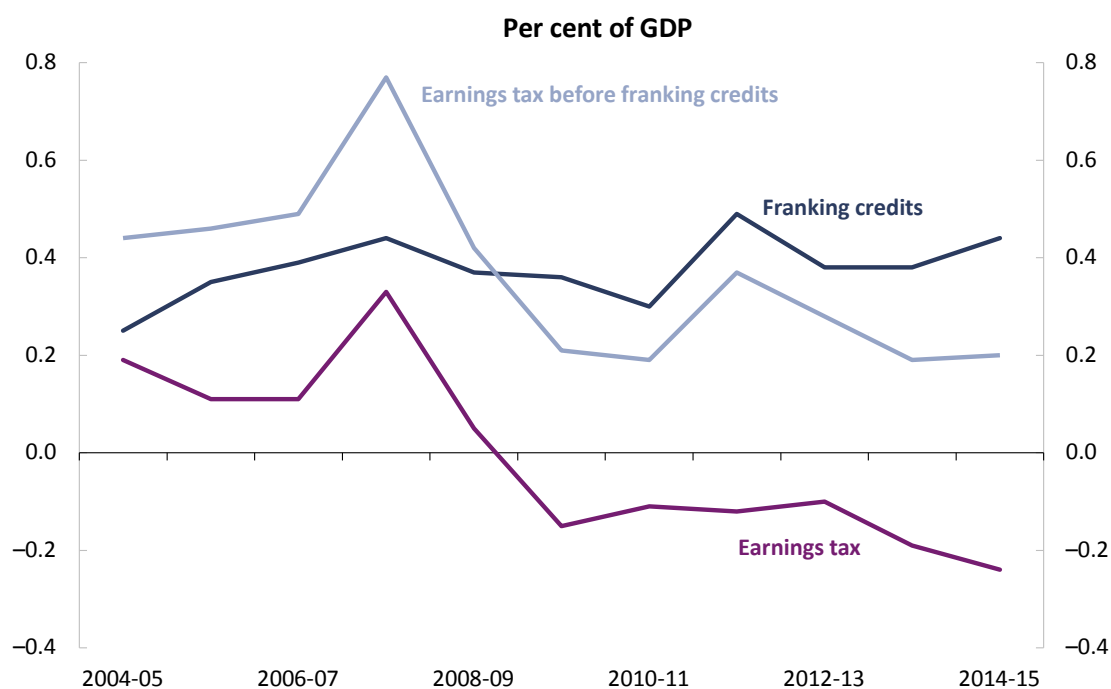
Table B1: Superannuation earnings tax before and after franking credits as a proportion of GDP – 2004-05 to 2014-15

Per cent of GDP	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15
Earnings tax before franking credits	0.44	0.46	0.49	0.77	0.42	0.21	0.19	0.37	0.28	0.19	0.20
Franking credits ^(a)	0.25	0.35	0.39	0.44	0.37	0.36	0.30	0.49	0.38	0.38	0.44
Earnings tax^(b)	0.19	0.11	0.11	0.33	0.05	-0.15	-0.11	-0.12	-0.10	-0.19	-0.24

(a) The value of franking credits is equal to the company tax paid giving rise to those franking credits, as a franking credit balance only arises where company tax is paid. The timing of the payment of company tax associated with the claimed franking credits is not separately identifiable.

(b) Earnings tax before franking credits plus franking credits.

Chart B1: The effect of franking credits on superannuation earnings tax



Attachment A – Dividend imputation credit refunds – distributional analysis

Table C1: Option 1 — Individual taxpayers directly affected in 2019-20, by pension status

Pension status	Number of taxpayers directly affected
<i>Australian Government pension and allowance recipients</i>	320,000
<i>Not an Australian Government pension and allowance recipient</i>	840,000
Total individual taxpayers	1,160,000

Table C2: Option 1 — Superannuation funds directly affected in 2019-20

Superannuation fund status		Number of funds directly affected
<i>Self-managed superannuation funds</i>	<i>Contains a member receiving an Australian Government pension and allowance^(a)</i>	20,000
	<i>Does not contain a member receiving an Australian Government pension and allowance^(a)</i>	210,000
Total self-managed superannuation funds		230,000
<i>APRA-regulated superannuation funds</i>		2,300
Total superannuation funds		232,300

(a) As at 28 March 2018.

Table C3: Option 2 — Individual taxpayers directly affected in 2019-20, by pension status

Pension status	Number of taxpayers directly affected
<i>Australian Government pension and allowance recipients</i>	-
<i>Not an Australian Government pension and allowance recipient</i>	840,000
Total individual taxpayers	840,000

- Indicates nil.

Table C4: Option 2 — Superannuation funds directly affected in 2019-20

Superannuation fund status		Number of funds directly affected
Self-managed superannuation funds	Contains a member receiving an Australian Government pension and allowance ^(a)	-
	Does not contain a member receiving an Australian Government pension and allowance ^(a)	210,000
Total self-managed superannuation funds		210,000
APRA-regulated superannuation funds		2,300
Total superannuation funds		212,300

(a) As at 28 March 2018.

- Indicates nil.

Table C5: Individuals — Distribution by taxable income in 2014-15^(a)

Decile ^(b)	Taxable income range	Number of individuals claiming excess franking credits	Percentage claiming excess franking credits	Average excess franking credits claimed (\$) ^(c)	Total excess franking credits claimed (\$m) ^(d)
1	Under \$9,500	403,700	29.5%	640	258.8
2	\$9,500 to \$19,000	267,700	19.3%	990	266.3
3	\$19,000 to \$26,400	198,700	14.3%	1,580	312.9
4	\$26,400 to \$35,000	112,900	8.1%	2,980	336.6
5	\$35,000 to \$43,200	53,200	3.8%	4,430	236.1
6	\$43,200 to \$52,500	24,200	1.7%	4,670	112.8
7	\$52,500 to \$64,400	17,000	1.2%	5,040	85.7
8	\$64,400 to \$80,200	22,500	1.6%	6,030	136.0
9	\$80,200 to \$109,600	16,100	1.2%	5,980	96.0
10	\$109,600 and over	16,300	1.2%	11,880	193.8
Total individual taxpayers		1,132,300	8.1%	1,800	2,035.1

(a) Figures may not sum to totals due to rounding.

(b) Based on the income of all taxpayers in 2014-15.

(c) Calculated as the average franking credit refund of those individuals who received a refund in 2014-15.

(d) Calculated as the number claiming excess franking credits multiplied by the average excess franking credits claimed.

Table C6: Self-managed superannuation funds (SMSFs) — Distribution by fund balance in 2014-15^(a)

Decile ^(b)	Fund balance range	Number of funds claiming excess franking credits	Percentage claiming excess franking credits	Average excess franking credits claimed (\$) ^(c)	Total excess franking credits claimed (\$m) ^(d)
1	\$0 to \$90,276	8,616	17.9%	1,391	12.0
2	\$90,277 to \$181,089	9,503	19.8%	1,137	10.8
3	\$181,090 to \$279,252	11,866	24.7%	1,900	22.5
4	\$279,253 to \$402,090	15,349	31.9%	2,890	44.4
5	\$402,091 to \$558,140	18,554	38.6%	4,088	75.8
6	\$558,141 to \$762,242	21,902	45.5%	5,611	122.9
7	\$762,243 to \$1,044,621	24,734	51.4%	7,532	186.3
8	\$1,044,622 to \$1,497,218	27,208	56.5%	10,468	284.8
9	\$1,497,219 to \$2,443,843	29,946	62.2%	15,652	468.7
10	\$2,443,843 and over	33,761	70.2%	40,468	1,366.2
Total SMSFs		201,439	41.9%	12,880	2,594.5

(a) Figures may not sum to totals due to rounding.

(b) Based on the fund balance of all self-managed superannuation funds in 2014-15.

(c) Calculated as the average franking credit refund of those funds who received a refund in 2014-15.

(d) Calculated as *the number claiming excess franking credits* multiplied by *the average excess franking credits claimed*.

Table C7: Self-managed superannuation funds (SMSFs) with large balances or high excess franking credit amounts in 2014-15

Average excess franking credits claimed by the top percentile of fund balances	\$83,000 ^(a)
Number of funds claiming more than \$2.5 million in excess franking credits	Less than 5 ^(b)

(a) Rounded to the nearest \$1,000.

(b) For confidentiality reasons, the number of funds is not published.

Table C8: Australian Prudential Regulatory Authority (APRA) regulated superannuation funds — Distribution by fund balance in 2014-15^(a)

Decile ^(b)	Fund balance range	Number of funds claiming excess franking credits	Percentage claiming excess franking credits	Average excess franking credits claimed (\$) ^(c)	Total excess franking credits claimed (\$m) ^(d)
1 ^(e)	\$0	174	50.1%	29,929	5.2
2	\$1 to \$101,068	165	76.7%	854	0.1
3	\$101,069 to \$205,401	243	86.5%	1,687	0.4
4	\$205,402 to \$309,472	267	94.7%	2,777	0.7
5	\$309,473 to \$458,968	252	89.7%	4,057	1.0
6	\$458,969 to \$650,510	252	89.7%	5,671	1.4
7	\$650,511 to \$981,296	247	87.6%	6,985	1.7
8	\$981,297 to \$1,634,549	252	89.7%	11,815	3.0
9	\$1,634,550 to \$4,851,537	240	85.4%	20,823	5.0
10	\$4,851,538 and over	94	33.5%	3,033,446	285.1
Total APRA-regulated superannuation funds		2,186	77.7%	138,973	303.8

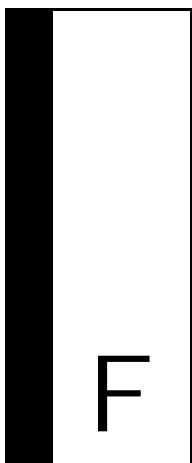
(a) Figures may not sum to totals due to rounding.

(b) Based on the fund balance of all APRA-regulated superannuation funds in 2014-15.

(c) Calculated as the average franking credit refund of those funds who received a refund in 2014-15.

(d) Calculated as *the number claiming excess franking credits* multiplied by the *average excess franking credits claimed*.

(e) As around 12.3 per cent of APRA-regulated superannuation funds have zero fund balance, there is no meaningful way to separate these funds when grouping by fund balance. As a result, the first decile includes all zero balance funds, which are then subtracted from the second decile (which as a result only includes around 7.7 per cent of APRA-regulated superannuation funds).



Appendix F – Statement of the Manager of Opposition Business

House of Representatives Hansard, 13 February 2019, pp. 13267-9

Mr Speaker, I wish to raise a matter of privilege under standing order 51 in relation to the conduct of the member for Goldstein as the chair of the House Standing Committee on Economics – specifically, his conduct in relation to the committee's current inquiry into the implications of removing refundable franking credits.

In raising this issue, Mr Speaker, I'm also raising the matter with respect to the administration of the House and to the Speaker's role in protecting the dignity of the House. I won't go through all of the information twice but wish to raise it in both ways.

As the House has not been sitting for some time, some of these circumstances have only come to light today and I have only now been able to properly consider all the relevant material. I'm, therefore, raising this matter at the earliest opportunity. As you would be aware, the practice around raising a matter of privilege requires me to set out the matter in some detail. I will try to be as brief as possible, although there is a lot of conduct to refer to.

The first item is the conference call. Mr Geoff Wilson of Wilson Asset Management has been perhaps the most vocal critic of Labor's policy to remove refundable franking credits for those who don't pay any income tax.

This is the subject of the committee's inquiry. On or before 7 September 2018 and before the Treasurer had even asked the committee to undertake its inquiry, Wilson Asset Management announced that it would hold a shareholder

presentation in Sydney at the Westin Hotel at 1 Martin Place, Sydney, on 20 November 2018. On 25 September 2018, Mr Geoff Wilson of Wilson Asset Management reportedly conducted an investor conference call, the audio of which is publicly available. During that conference call, Mr Geoff Wilson said, 'I was actually talking to the chairman of the Senate committee for this hearing into franking and I was saying it'd be nice if we could have – if one of the hearings could be on a day that we're doing our roadshow. Then we could do a little protest, we could have our placards and we could all walk down.'

On 20 November 2018, the committee did hold a public hearing of the inquiry – at the Law Society of New South Wales at 170 Phillip Street, Sydney. The committee's public hearing occurred on the same day and some 400 metres away from the shareholders' presentation organised by Mr Geoff Wilson. This raises a question as to whether the chair organised the committee's hearing schedule and locations at the behest of a person with a vested interest in the inquiry. This also raises a question as to whether the actions of the chair amount to an improper interference with the free exercise of his own committee's authority or functions such as to constitute a contempt of the House.

The next issue relates to conflict of interest. The fact that it has since been revealed that the chair is also a shareholder in two Wilson Asset Management investments raises other concerns about his conduct. It also raises questions over the chair's reported failure to declare this obvious conflict of interest to the committee, including when Mr Geoff Wilson appeared before a public hearing of the committee on 30 November 2018 while it was being chaired by the member for Goldstein. I note that at one point during the hearing Mr Geoff Wilson spoke about his shareholders, and the chair even then failed to declare his obvious conflict of interest. Again, this raises the question as to whether the chair's actions amount to an improper interference with the free exercise of his own committee's functions so as to constitute a contempt of the House: by chairing a hearing and asking questions of a committee witness when other committee members and, indeed, the people attending the hearing were not aware that he had a pecuniary interest in investments run by that witness. It also raises the question whether the chair is in breach of standing order 231 – 231, which states:

... no Member may sit on a committee if he or she has a particular direct pecuniary interest in a matter under inquiry by the committee.

One of the Wilson Asset Management investments which Mr Wilson holds is through his self-managed superannuation fund, meaning that in his retirement Mr Wilson may be impacted by the very policy his committee is inquiring into.

The next issue concerns the website. In or about November 2018, the chair authorised a website as the 'chair of Standing Committee on Economics'. Mr Geoff Wilson has since admitted that he, along with a number of unnamed individuals, personally contributed to the cost of that website. The website includes the ability to submit to the committee a prefilled submission – which states it is against Labor's policy – and begins with, 'Attention: Tim Wilson MP, Chair'. Clearly this will mean that a number of the submissions received by the committee will have been written by the chair of the committee to himself, and that when the committee writes its report it will use evidence written by the chair. The fact that submissions to the committee are lodged through a website partly funded by a person with a vested interest in the chair's inquiry is also concerning. Again, this raises the question as to whether the chair's actions amount to an improper interference with the free exercise of his own committee's functions: the committee is being asked to assess evidence addressed to the chair which he himself wrote and which has been submitted through a website partly funded by a person with a vested interest in the chair's inquiry.

Equally concerning is that, from when the chair's website was set up until the beginning of February this year, people could only register to attend a public hearing of the inquiry on the website by agreeing to be registered for a Wilson Asset Management petition against Labor's policy. Fortunately, this has since been resolved. However, this again raises a question as to whether the chair improperly interfered with the free exercise of his own committee's functions such as to constitute a contempt of the House – that is, by only allowing people to register to attend a public hearing of the inquiry if they agreed to sign a Wilson Asset Management petition against Labor's policy. This website also continues to create the misleading impression that, in order to attend, people are required to register, even though that is not the case.

These circumstances are concerning not only because it meant that, in order to register to attend a public hearing of a parliamentary committee, people were forced to provide their private information to a commercial enterprise but also because it would likely have discouraged people who held a different view to that outlined in the petition from attending. It also may have the effect of continuing to discourage people more generally from attending.

As such, in its deliberations, the committee will be forced to rely on evidence which has been prejudiced by actions of the chair. Again, this raises the question as to whether the chair has improperly interfered with the free exercise of his committee's functions.

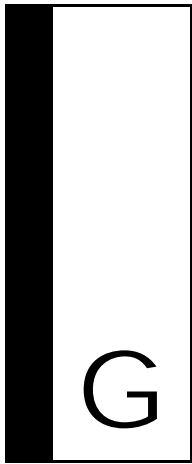
The website also collects a large amount of private information from people who either registered to attend a public hearing, agreed to be contacted about future activities, or registered for the petition. This information is collected on a website which states it is authorised by the chair of the Standing Committee on Economics but is not operated by the committee's secretariat and is, in fact, partly funded by Mr Geoff Wilson. It is not clear who has access or who will have access to this information collected by the member for Goldstein in his capacity as chair.

It is also reported that at a public hearing of the inquiry on 30 January this year the chair did nothing when the member for Fisher called for people to join the Liberal Party while he was giving evidence to the committee, and then reportedly allowed the handing out of Liberal Party membership forms to people at the hearing. The member for Mackellar has also used the member for Goldstein's position as the chair to encourage people to attend a Liberal Party fundraiser, and the chair allowed the member for Mackellar to have A-frames directly outside the public hearing of the committee, at the Dee Why RSL Club, printed with the member's face, name and the words 'Liberal Mackellar'.

I also note that, contrary to the House resolution on the registration of members' interests, it is reported today that the member for Goldstein failed to declare until today that he had been a director and shareholder of a particular company. In relation to this matter, I understand the member for Isaacs has, in accordance with practice, written directly to the Committee of Privileges and Members' Interests.

To assist you in considering this matter, I provide you – as is normal practice – with a number of documents.

I ask you to consider giving precedence to a motion to refer any or all of these matters to the Committee of Privileges and Members' Interests. Additionally, for the matters I have raised, I ask you to consider and report back to the House as to any impact on the dignity of the parliament and its committee system. I thank you for your consideration of this matter.



Appendix G – The Speaker's statement

House of Representatives Hansard, 21 February 2019, pp. 14290-1

Last Wednesday, the Manager of Opposition Business raised, as a matter of privilege, whether certain actions of the member for Goldstein in his capacity as Chair of the House economics committee constitute an improper interference with the free exercise by the committee of its authority or functions such as to amount to a contempt of the House.

The specific actions the Manager of Opposition Business referred to in this regard are: the apparent organising of a public hearing of the committee at a certain place and time at the behest of a person with a vested interest in the committee's inquiry; and the authorisation of a website as the chair of the committee through which people could lodge a submission to the inquiry, and register to attend a public hearing of the inquiry by agreeing to be registered for a petition against the opposition's policy.

The Manager of Opposition Business presented several documents as supporting information, including media articles, *Hansard* transcripts of committee proceedings, web page printouts and printed excerpts from audio files.

I have had the opportunity to review the matter raised by the Manager of Opposition Business and the detailed supporting information.

The task for me under the standing orders is to determine two issues.

The first is whether the matter has been raised at the earliest opportunity. The Manager of Opposition Business noted that some of the circumstances to which he

has referred had only come to light very recently, and so I accept that it has been raised at the earliest opportunity.

The second is whether there is a *prima facie* case of contempt. There is a significant hurdle in section 4 of the *Parliamentary Privileges Act 1987* as to whether a matter constitutes a contempt. To constitute a contempt conduct needs to amount, or be intended or likely to amount, to an improper interference with the free exercise by a committee of its authority or functions.

In considering these matters, as I and other Speakers have stated previously, it is important to recognise that the penal power of the House is significant and it should be exercised with restraint.

I appreciate the concerns that may have been raised by the actions of the member for Goldstein and the actions could be seen to have caused damage to the committee's reputation and the reputation of the House committee system more generally. However, I do not believe that evidence has been presented to demonstrate that the member for Goldstein's actions have prevented the committee in a fundamental way from continuing to fulfil its basic responsibilities in relation to its inquiry work. I therefore do not propose to give precedence to a motion to refer the matter to the Standing Committee of Privileges and Members' Interests.

As I have noted, while I do not believe the actions of the member for Goldstein meet the test set out in section 4 of the Privileges Act, I believe his actions have not always conformed with what I see as the conventions usually observed by chairs of House committees and the practice of House committees. The particular matters I would mention include: having a private website 'authorised by', and with the badging of, the chair of the committee, which appeared to solicit submissions and attendees at public hearings from just one perspective; and apparently arranging for a public hearing of the committee to coincide with the meeting of a group with an active interest in the committee's inquiry, including with the possible intention to engage in protest activity at the hearing.

As members would be aware, it is quite properly the role of the committee secretariat to seek submissions to inquiries and make arrangements for public hearings on behalf of a committee, and committee members and other interested parties should be able to expect that these arrangements will be made without influence or interference.

Inevitably political views influence some of the inquiries that committees conduct, but this shouldn't mean that committees would not approach their task open to the evidence which may be presented and with clear and proper processes. In this case, although I am satisfied there has been the potential for interference with evidence given to the committee, I have not been provided with material to demonstrate any interference has unduly prevented the committee from performing its work. If there is such evidence, for example from members of the committee itself, I would be happy to consider the matter further.

Can I also say in relation to two other matters raised by the Manager of Opposition Business that the handing out of party political material or the display of signs by individual members at hearings of parliamentary committees should not be tolerated by chairs.

The Manager of Opposition Business also noted that the member for Goldstein had apparently failed to declare in a timely way on the Register of Members' Interests that he had been a director and shareholder of a particular company. He advised that the member for Isaacs has written to the Standing Committee of Privileges and Members' Interests in respect of this matter, and I will leave it to that committee to consider this issue in line with usual practice in accordance with resolutions of this House.

The Manager of Opposition Business also raised the question of whether the Member for Goldstein is in breach of standing order 231 which states, in part, 'No member may sit on a committee if he or she has a particular direct pecuniary interest in a matter under inquiry by the committee. 'House of Representatives Practice notes (on page 656) that this rule has been interpreted in the very narrow sense of an interest peculiar to a particular person. It states (on pages 656 and 657):

If, for example, a Member were an owner of bank shares he or she would not, for that reason alone, be under any obligation to disqualify himself or herself from serving on a committee inquiring into the banking industry, as the interest would be one held in common with many other people in the community. In the first instance it is a matter for individual committee members to judge whether they may have a conflict of interest in an inquiry.

However, House of Representatives Practice also notes (on page 149) that while no instances have occurred in the House of a member not sitting on a committee for the reason that he or she was pecuniarily interested, members have been advised to declare at committee meetings any matters, whether of pecuniary or other

interest, where there may be, or may be perceived to be, a possible conflict of interest. I consider this to be good practice.

Finally, having mentioned the role of committee secretariats earlier in this statement, I would like to add that it is my understanding that the secretariat of the House economics committee has performed its role properly throughout this inquiry, acting appropriately and impartially in support of the committee's work and each of its members in accordance with established practice.

Australian Labor Party Members Dissenting Report

1. Coalition wasting taxpayers Money on a partisan political inquiry

1.1 Introduction

This inquiry has been a farce from its inception. On 19 September 2018 the Treasurer provided a reference asking the House of Representatives Standing Committee on Economics to investigate the Opposition's proposed policy changes to refundable franking credits.

This is highly unusual. The purpose of the House of Representatives Economics Committee is to scrutinise government legislation by conducting public inquiries and making recommendations to the Parliament regarding that legislation. Devoid of any economic agenda or policies, the Government has chosen to use the committee to attack an Opposition proposal.

Using tax payer's dollars to look at opposition policy proposals has been criticised by many Australians, the media and submitters to this inquiry as a waste of scarce government resources.

This inquiry has been more in the nature of a political campaign, than a parliamentary inquiry at tax payer's expense.

1.2 The Cost

Some estimates place the cost of hiring venues in Liberal member's electorates, flying MP's around the country, putting them up in hotels and other transport on costs the basic costs for the inquiry come in at approximately \$160,000¹. This figure has never been disputed by the Chair or any member of the Government.

This figure does not include the Secretariat's time.

Recommendation 1:

- **The Committee Secretariat calculate the total cost of this inquiry to Australian taxpayers.**

1.3 The Abuses of Parliamentary Procedure

The Chair and his Liberal Party colleagues have colluded with private interests in order to achieve maximum political gain from this exercise. Wilson Asset Management, an opponent of Labor's policy has used the Chair Mr. Wilson to achieve an outcome designed to protect their interests.

¹ <https://www.smh.com.au/politics/federal/taxpayer-funded-inquiry-used-to-raise-money-for-liberals-20190207-p50w93.html>

Wilson Asset Management also appear to have used the committee process for their own financial gain, marketing products to unsuspecting submitters to the inquiry.

The Chair has undermined the parliamentary committee process during this inquiry by using it for political means. This is evident from public reporting of a conference call by Mr. Geoff Wilson (of Wilson Asset Management) on 25 September 2018 to Wilson Asset Management clients and shareholders to boast that²:

*"I was actually talking to the Chairman of the Senate Committee for this hearing into franking. And I was saying it would be nice if we could have, if one of the hearings could be on a day that we're doing our roadshow, then we can do a little protest you know, we could have our placards and we could all walk down there."*³

Shortly after the investor call, in November 2018 the Chair Mr. Wilson created a blatantly partisan website that included the ability to make submissions to the House of Economics Committee inquiry and encouraged members of the public to make submissions to the inquiry through that website rather than the Committee's official website. Some of the website features include:

- An official look - the use of the Australian Coat of Arms and an authorisation by the "Chair of the Standing Committee on Economics".
- Articles attacking the Labor Party;
- Articles attacking Kerry Phelps;
- Pre-written submissions to the committee. This means significant numbers of the submissions to the committee are partly written by him;
- Graphics and pictures also used by Wilson Asset Management on an anti-ALP website; and
- A form to sign up to Geoff Wilson's petition against Labor's reforms. Mr. Wilson falsely claims that half the Labor frontbench have signed up to it.⁴

To any reasonable person using this website you would believe that this is an official website, of the Committee through which submissions would be accepted and where personal information was safe. Sadly this could not have been further from the truth.

It later emerged that this website is partly funded by Wilson Asset Management. The full list of this websites funders have never been disclosed by the Chair.

² <https://www.theguardian.com/australia-news/2019/feb/06/pm-under-pressure-to-sack-tim-wilson-over-use-of-franking-credits-inquiry>

³ <https://soundcloud.com/user-680480244/investor-conference-call-25-september-2018>

⁴ <https://www.theaustralian.com.au/national-affairs/treasury/retirees-grab-the-chance-to-cut-down-labor-for-super-tax-grab/news-story/ce6ca73aa2a07bfa37a3a39c26bebd11>

Further, the beneficiaries of the information obtained on this website have still never been disclosed.

People who have used this website to make submission have clearly had their information passed directly to third parties, including Wilson Asset Management for the purpose of commercial gain.

Recommendation 2:

- **The Chair disclose to the Parliament the full list of funders for his inquiry website.**
- **The Chair disclose to the Parliament the full list of beneficiaries of the information obtained by the website.**
- **Wilson Asset Management disclose to the Parliament any financial gain that it has received as a result of the information gained from the website.**
- **The Chair personally write to every person who made a submission to the website to apologise for the misuse of personal and private data obtained by what can only be described as a blatant act of deception.**

Having set up the sham website the Chair then scheduled a hearing in Sydney on November 20 2018. That morning Wilson Asset Management held an investor Shareholder Presentation (roadshow) 400 meters from the venue organised by the Committee for the for the hearing later in the day. A video recording of the roadshow event shows Geoff Wilson handing out anti-Labor placards and instructing his clients on how to protest against the changes.⁵

On 30 November 2018 Geoff Wilson appeared at the Committee inquiry hearing in Dee Why.⁶

The Chair Mr. Wilson failed to inform the Committee that he has shareholdings in Wilson Asset Management investments. It also emerged that Tim Wilson is a relative of Mr. Geoff Wilson.⁷

On Tuesday 5 February 2019 it emerged that the Chair Mr. Wilson is a shareholder of Wilson Asset Management investments⁸.

⁵ <https://www.smh.com.au/politics/federal/wilson-and-wilson-the-mp-the-fund-manager-and-the-franking-credits-inquiry-20190205-p50vqk.html>

⁶ https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/FrankingCredits/Public_Hearings

⁷ <https://www.theaustralian.com.au/national-affairs/treasury/retirees-grab-the-chance-to-cut-down-labor-for-super-tax-grab/news-story/ce6ca73aa2a07bfa37a3a39c26bebd11>

⁸ <https://www.smh.com.au/politics/federal/wilson-and-wilson-the-mp-the-fund-manager-and-the-franking-credits-inquiry-20190205-p50vqk.html>

On that same day Mr. Falinski, a Liberal Member of the Committee sent letters soliciting donations to the Liberal Party for drinks with the Chair of the Committee in Dee Why at the same venue for the Committee hearing.⁹

On Friday 8 February The Sydney Morning Herald reported that *"Some shareholders in funds run by Wilson Asset Management also remain concerned that their details are being used for Liberal Party promotional material."*

The Sydney Morning Herald report stated that 'One investor said he had been; *"targeted with MP Tim Wilson's propaganda and petition-signing emails, as were my colleagues who hold shares in the listed entities. My email address isn't listed anywhere publicly, and I've never had any dealings with the MP's office,"* he said. 'Another voter said they received *"two Wilson Asset Management newsletters"* after being contacted by Mr. Wilson in their electorate.'¹⁰

Wilson Asset Management has strongly denied sharing any client details.

1.4 Referral to the Speaker

These hearing have been a blatant abuse of Parliamentary process. The Manager of Opposition Business referred the Chair to the speaker asking for an investigation into his conduct. The Chair was criticised by the Speaker of the House of Representatives:

"... I believe his actions have not always conformed with what I see as the conventions usually observed by chairs of House committees and the practice of House committees. The particular matters I would mention include:

- *having a private website 'authorised by', and with the badging of, the chair of the committee, which appeared to solicit submissions and attendees at public hearings from just one perspective; and*
- *apparently arranging for a public hearing of the committee to coincide with the meeting of a group with an active interest in the committee's inquiry, including with the possible intention to engage in protest activity at the hearing."*

1.5 The Member for Fisher – Using the Committee to promote membership of the Liberal Party

On 30 January 2019 at a Committee hearing at Alexandra Headland Surf Lifesaving Club in Queensland the Member for Fisher Mr. Andrew Wallace, gave evidence to the Committee at the invitation of the Chair. At the hearing Mr. Wallace encouraged members of the audience to join the Liberal Party and then walked around the room handing out membership forms.¹¹

⁹ <https://www.smh.com.au/politics/federal/taxpayer-funded-inquiry-used-to-raise-money-for-liberals-20190207-p50w93.html>

¹⁰ <https://www.smh.com.au/politics/federal/taxpayer-funded-inquiry-used-to-raise-money-for-liberals-20190207-p50w93.html>

¹¹ <https://www.smh.com.au/politics/federal/taxpayers-foot-bill-for-roadshow-attacking-labor-s-franking-credit-policy-20190130-p50uja.html>

Recommendation 3:

That the Member for Fisher Mr. Andrew Wallace apologise to the House of Representatives for abuse of parliamentary procedure.

1.6 The Chair's refusal to release to the public letters and emails critical of this inquiry.

Many Australians have voiced their anger at the partisan nature of this inquiry and the waste of tax payer dollars via email and letters to the Committee. The total number of unpublished pieces of correspondence received by the committee is an astonishing 1738. This correspondence includes critical analysis from 2 former members of parliament.

At the regular meeting of the Committee on 13 February 2019 the Labor Deputy Chair of the Committee Mr Thistlethwaite moved a motion to publish an initial 54 letters on the Committee website in the interests of transparency and accountability. The Committee voted and the vote was locked at 4 votes for publication and 4 votes against publication. The Chair Mr. Wilson used his casting vote to deny publication of the letters and emails.

It seems the Chair's claim at a Committee hearing that "*many of you know that I'm quite hardline on defending free speech and I won't back down*" are hollow words.¹²

One example of these letters is from Jan Bruce of Carnegie in Victoria who wrote:

As a constituent of Higgins I received yesterday received a letter from the Member for Higgins which contained incorrect and misleading information about the enquiry and I wish action to be taken with the Member for Higgins for distributing deliberate misinformation about the inquiry.

The letter states: Invitation: Public Inquiry into Labor's Retiree Tax

This is not the name of the inquiry and is a blatant attempt by the Member for Higgins to drum up anti-labor sentiment and community fear in older people with investment incomes about a proposal muted by the opposition.

A parliamentary Inquiry should be treated with respect, and truth from all elected representatives should be the minimum standard by which they operate and truth should be behind the information circulated in the community by parliamentarians.

The Member for Higgins has in fact told her con a lie and I would like to see action taken by the committee to address this issue as soon as possible.

These letters and the minutes of this meeting where the Chair Mr. Wilson voted to prevent the release of documents and letters which are highly critical of his conduct as Chair and of the Governments motivations for holding an inquiry into an Opposition policy are available with the release of this report.

¹² Standing Committee on Economics, House of Reps committee, Friday, 8 February 2019, Implications of removing refundable franking credits hearing in Chatswood.

The Labor members strongly urge the release of these documents in the interests of transparency and accountability.

The Government representatives having regularly stated that this inquiry was to give a voice to people affected by a proposed opposition policy, yet when those voices express dissent they are suppressed.

The Chair also had a hand in personally writing many of the submissions. As has been mentioned above, the Chair setup a website that allowed people to submit using a pre-filled section. Some estimates suggest that 20% of all the submissions to the inquiry were in part written by the chair¹³.

2. Labors' Policy for Franking Credit Cash Refunds

2.1 Labor taking a Fiscally Responsible Approach to the Budget

There is a clear structural problem with the Australian budget relating to the ageing of our population, that the Government is ignoring and does not have a plan to address.

As the 2015 Intergenerational Report prepared by the then Liberal Treasurer Joe Hockey, correctly points out in the coming decades, all governments will face growing fiscal pressures as the population ages and expectations for greater government support of ageing-related programs increase.¹⁴

While governments are expected to act and make tough decisions, the Morrison Government is simply failing to provide for older people with aged care home care packages waiting lists skyrocketing. The latest publicly available figures on the waitlist for home care packages show 127,000 older Australians are waiting for care. This figure has risen from 88,000 over just the last 12 months.

Over the past six years this government has chosen to freeze Medicare rebate payments meaning many doctors are charging copayments to patients for consultations. Public hospital funding has also been cut by the Abbott, Turnbull and Morrison governments.

As well, the Coalition has cut \$14 billion from public schools budget over the past six years.

Labor will take a more responsible approach to the budget to ensure we can continue to properly fund programs such as ending the Medicare rebate freeze and investing additional funding in education but we will need to make responsible structural changes to the budget to fund these important services that all Australians rely on.

¹³ <https://www.theguardian.com/australia-news/2019/mar/28/tim-wilson-helped-write-20-of-submissions-to-franking-credits-inquiry>

¹⁴ 2015 Intergenerational Report: Chapter 2 - Government budgets

When it was first introduced, cash refunds for dividend imputation cost the Australian budget \$550 million a year. The cost of this policy is now \$6 billion a year and growing.

Labor will take a fiscally responsible approach to the Commonwealth budget. With an ageing population we must make structural changes to rebalance the budget to ensure as a nation we can continue to fund services that ensure Australians enjoy a high standard of living.

Ending cash refunds for dividend imputation for those who do not pay income tax is a responsible approach to the Commonwealth budget.

Labor will also close other tax loopholes that benefit wealthy Australians including reforms to negative gearing and capital gains tax, family trusts and multinational profit shifting.

Keeping cash refunds for dividend imputation at the expense of services for our country is simply unaffordable.

2.2 Cash Refunds for Dividend Imputation are unique to Australia

The original imputation credits scheme devised by former Treasurer Paul Keating did not include cash refunds for unused franking credits.

The decision to introduce cash refunds for excess imputation credits was taken by the Howard Government in 2000 and came at a time when the budget was in structural surplus of 1-2% GDP due to a mining boom, and additional receipts from resource taxes. Also at the time superannuation assets in retirement were not tax free.

As mentioned above, the policy when first introduced cost taxpayers around \$550 million a year. Now it's \$6 billion a year and growing.

Australia is the only country in the world that has this fully refundable dividend imputation system – no other country pays out cash refunds for excess imputation credits. With an ageing population and a maturing superannuation system, the cost of allowing cash refunds for excess imputation credits will continue to grow. There is growing sentiment that Australia's current fully refundable dividend imputation system is fiscally unsustainable.

2.3 Who receives the cash refunds?

Upon request the Parliamentary Budget Office (PBO) produced analysis on the quantum of people receiving cash refunds from imputation credits and the net wealth profile of households with shares.

This analysis from the PBO shows that 92% of taxpayers in Australia did not receive any cash refunds for excess imputation credits in 2014-15^[1]. 90% of all cash refunds to superannuation funds accrued to SMSFs (just 10% went to APRA regulated funds). Labor understands that this is despite SMSFs accounting for less than 10% of all superannuation members in Australia.

The PBO analysis indicates that of all excess imputation credits refunded to SMSFs in 2014-15, 50% of the total benefits accrued to the wealthiest 10% of SMSFs by fund balances (which had balances in excess of \$2.4 million). The top 1% of SMSFs by fund balance received a cash refund of \$83,000 (on average). Labors analysis shows that this is an amount greater than the average full time salary.

Further the PBO analysis goes on to show that 10% of the wealthiest households in 2015-16 owned nearly three quarters of the value of all shares in Australia. Low wealth households typically don't benefit from the current taxation arrangements – they have little capacity to accumulate the wealth needed to do so^[1].

^[1] [https://www.aph.gov.au/~media/05 About Parliament/54 Parliamentary Depts/548 Parliamentary Budget Office/Publicly released costings/Dividend imputation credit refunds - PDF.pdf?la=en](https://www.aph.gov.au/~media/05%20About%20Parliament/54%20Parliamentary%20Depts/548%20Parliamentary%20Budget%20Office/Publicly%20released%20costings/Dividend%20imputation%20credit%20refunds%20-%20further%20information%20PDF.pdf?la=en)

^[1] <https://www.aph.gov.au/~media/05%20About%20Parliament/54%20Parliamentary%20Depts/548%20Parliamentary%20Budget%20Office/Publicly%20released%20costings/Dividend%20imputation%20credit%20refunds%20-%20further%20information%20PDF.pdf>

Table 1: Excess franking credits claimed by SMSFs — Distribution by fund balance — (Source from PBO advice) 2014-15^(a)

Decile ^(b)	Fund balance range	Total excess franking credits claimed (\$m) ^(c)	Percentage of all excess franking credits
1	\$0 to \$90,276	12.0	0.5
2	\$90,277 to \$181,089	10.8	0.4
3	\$181,090 to \$279,252	22.5	0.9
4	\$279,253 to \$402,090	44.4	1.7
5	\$402,091 to \$558,140	75.8	2.9
6	\$558,141 to \$762,242	122.9	4.7
7	\$762,243 to \$1,044,621	186.3	7.2
8	\$1,044,622 to \$1,497,218	284.8	11.0
9	\$1,497,219 to \$2,443,843	468.7	18.1
10	\$2,443,843 and over	1,366.2	52.7
Total SMSFs		2,594.5	100

(a) Figures may not sum to totals due to rounding.

(b) Based on the fund balance of all SMSFs in 2014-15.

(c) Calculated as *the number claiming excess franking credits multiplied by the average excess franking credits claimed in Table C6 in the response to Senator Leyonhjelm.*

Claims that Labor's policy will target poorer Australian's are simply not supported by the facts outlined in the PBO analysis in Table 1 above. No contrary analysis has been presented to the Committee during this inquiry.

2.4 Promoting risk in retirement & inhibiting investment in Australian companies

The current cash refund system for dividend imputation encourages investors to be overweight Australian shares, meaning they have not adequately spread their risk.

It's the result of a tax payer-backed refund incentive that ultimately distorts investment decisions and sees the vast majority of Australians underwrite a risky strategy of a mostly wealthy minority.

The SMSF Association's own report has warned about a lack of diversification among many SMSFs.

*"Many investment specialists recognise that even a portfolio containing 30 stocks may not provide sufficient diversification, and there is strong consensus that managed funds help form the building blocks of a diversified portfolio."*¹⁵

Further analysis by Credit Suisse Private Bank found that a diversified portfolio of bonds, Australian and international equities, hedge funds, and commodities outperformed an ASX 200-only portfolio over a 10 year period.

And in the case of SMSF taxed at 15 per cent and with franking credits included in net returns, the annual return is only approximately 0.56 per cent above the balanced portfolio despite volatility more than 2.5 times higher.

That is, a lot more volatility and potential risk for only a slightly higher return – it's a gamble that's underwritten by the taxpayer.

Of course, the Australian stock market more than doubled between 1987 and 2000 when cash refunds weren't part of the dividend imputation system.

And as economist Stephen Koukoulas pointed out during his recent evidence to the House Economics Committee inquiry into Labor's policy, the over reliance on franking credits refunds is one reason why the Australian stock market is still 15 per cent below the 2007 peak, while the US, German and Canadian stock markets are substantially higher.

*It is only the dividend, not the underlying strength of the business, that guides much of the investment process. It is one reason why the Australian stock market is 15 per cent below the level of 2007, and this is while the US, German, Canadian and UK stock markets are substantially higher. None of these countries have refundable franking credits. Investors in those countries provide finance to dynamic growth companies and strong businesses. In Australia, such companies are often shunned by investors because they pay no or low dividends. Investors instead place their money with what are average firms that structure their businesses according to the tax distortions. The Australian tax distortions mean that local entrepreneurial firms have to access their capital from overseas because the money here is tied up in dinosaur companies that pay high dividends. It's one reason why so many 21st century technology and start-up firms in Australia head overseas to pursue their business models – they cannot get capital in Australia.*¹⁶

When the United Kingdom unwound refundability it resulted in little impact on the price of UK equities.

Australia benefits greatly from a large diversified pool of superannuation savings, which helped avoid the worst effects of the global financial crisis. We are now seeing a decline in diversification partly because of the strong incentive to

¹⁵ <https://www.afr.com/personal-finance/superannuation-and-smsfs/take-control-now-smsfs-warned-that-20-shares-is-not-diversification-20181115-h17ygu>

¹⁶ Standing Committee on Economics - Implications of removing refundable franking credits Bondi Junction hearing 08/02/2019

maximise imputation credit cash refunds, particularly in SMSFs. A less diversified pool of national savings leaves Australia more vulnerable to financial shocks.

In their submission Industry Super Australia rightly point out that the vast majority of retirees will be unaffected by the proposal and the wealthy are the beneficiaries of most of the refunds of franking credit for non-pensioners.

Industry Super also point out that cash refunds for franking credits inappropriately incentivise lower income retirees to adopt risky portfolios overweight in dividend paying stocks¹⁷.

The government providing a refundable cash offset for franked dividends is encouraging a riskier investment environment for retirees. Labor's sensible reform with rebalance retiree investment and encourage greater diversity and ultimately more security in retirement savings.

2.5 Cash refunds are against principles of retirement incomes system in Australia

Australia's Superannuation System is the envy of the developed world. Set up by the Hawke-Keating governments we have seen the pool of money held for retirement now at around \$2.7 trillion and growing.

In 2016 there were 3.7 million Australians aged 65 and over. By mid-century there will be 8.7 million. Our Super system must be safeguarded and future proofed.

The system was never intended to be a method for wealthy people to transfer vast amounts of personal savings to their children.

The evidence before this committee shows that there is an expectation amongst people utilising these tax free investment vehicles as a mechanism for intergenerational wealth transfer with the expectation that other taxpayers should foot the bill in the form of cash refunds.

At the public hearing in Chatswood Mr. Peter McIver stated:

My comment is simply that I don't see this as a retirement tax. It's a death tax by stealth. What I'd like to know is where are all the young people are here, because it's their inheritance that's going to be decimated.

At the same hearing in Chatswood Mr. Geoff Graham explained that he was using the system to provide for his adult children.

¹⁷ Industry Super Australia inquiry submission

https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/FrankingCredits/Submissions

We all know it is terribly hard for kids with families these days. I am not worried about giving them inheritance. I'm worried about keeping them all going now. That's what I've said to the kids: 'If they take it from us, they're taking it from you.' Remember that when you get in there with a pencil.

Because of the Chairs use of 3 minute statements and the inability of the committee members to ask questions of the people making the submissions it is difficult to ascertain the make up and financial circumstances of the people who made submissions unless they proffered them during their statement.

Many of the retirees who appeared before the Committee appear to be drawing the minimum required amount under legislation from their SMSF's and deriving most of their income from dividends on a small asset class and the cash refunds for the unused franking credit.

Over the course of this inquiry people providing statements have repeatedly explained how much they rely on cash refunds for their income in retirement.

Take for example Mr. John Flint who made the submission at the Chatswood Hearing that

I'm very surprised that anybody could think that people on \$60,000 a year could be wealthy. We do not have superannuation anymore. ... this reduction in franking credits will lose us 20 per cent of our income.

Most of these people will pass these balances along with the family home to their children.

The Labor members of the Committee understand why retirees have adopted this strategy.

With record levels of household debt, everything is rising under this government except wages. Young Australians are struggling to get into the housing market because of unsustainable tax concessions for property investors and parents naturally want to help out their kids.

But using superannuation as a vehicle for wealth transference is not consistent with the principles of the Australian superannuation system and why it was established.

Labor understands this concern and has announced changes to limit negative gearing to new housing only and to halve the capital gains tax discount for all assets including housing.

These changes will take the pressure off the housing market and mean that first home buyers aren't competing with investors looking to purchase their fourth or fifth property.

Labor will ease the pressure on households and ensure the superannuation system works according to the principles for which it was established- to provide Australian retirees with a comfortable retirement income and quality living standards through access to public services to support that retirement.

2.6 Dispelling the myths about Labor's Policy

The Liberals have constantly referred to the Oppositions proposed policy as a 'retirement tax'. This is absurd. Sadly, most of the people using this term know that this is not the case and are simply utilising the slogan in an effort to frighten people who are not aware of the details of the proposal.

Labor's policy is not a tax.

Our policy ends a cash refund for franking credits for people who have no taxable income in a particular year.

The Liberals have repeatedly attacked pensioners since their election in 2013. In the 2014 Budget they tried to cut pension indexation. In same Budget they cut \$1 billion from pensioner concessions and they axed the \$900 seniors supplement to self-funded retirees receiving the Commonwealth Seniors Health Card.

In 2015 the Liberals did a deal with the Greens to cut the pension to around 370,000 pensioners by as much as \$12,000 a year by changing the pension assets test.

The Liberals still want to axe the Energy Supplement to 2 million Australians, including around 400,000 age pensioners – a cut of \$14.10 per fortnight to single pensioners or \$365 a year. Couple pensioners will be \$21.20 a fortnight worse off or around \$550 a year worse off.

This policy is also described by some as a retrospective measure. This is not the case. A retrospective policy would require people to repay cash refunds. The Opposition policy only applies from 1 July 2019 if the policy is implemented.

The argument that people have made investment decisions based on a system created years earlier could also be applied to every other aspect of the Australian Government. If this were a guiding principle for policy makers it would be almost impossible for any future government to make any changes to any policy.

Labor announced this policy in March of 2018 to give all Australians, particularly those affected by the policy ample time to consider it and consult financial advisers about their personal financial situation and the need to adjust their circumstances. Labor has been upfront and open with the Australian people about this important policy reform.

The Government has repeatedly suggested that this policy will hit people with low taxable incomes the hardest. The use of taxable income figures is dishonest methodology. Because of the concessional treatment of superannuation many people can have significant wealth and a great deal of assets and report very little taxable income.

One example cited by the opposition illustrates this best:

A self-funded retiree couple with a \$3.2 million super balance, plus their own home, and \$200,000 in Australian shares held outside super. Even drawing \$130,000 a year in superannuation income, and \$15,000 a year in dividend income, they would report a combined taxable income of just \$15,000, and pay no income tax whatsoever.

Very few people with a low taxable income will be affected by Labor's policy because most retirees in the retirement phase of their lifecycle have no taxable income because of the concessional tax treatment of superannuation payments. They may have a very low taxable income but a very high income because their superannuation payments are tax free.

Many submitters to this inquiry have used the opportunity to describe company tax as a 'withholding tax' where the tax is collected on the originator of the payment rather than the recipient. Given the original scheme did not include cash payments for people without enough taxable income to offset the franking credits it is clear that ATO is not simply holding company tax 'in trust' as many have claimed during the inquiry.

Many people making statements at the hearings made the claim that people had been ambushed and caught off guard by this policy announcement. This could not have been further from the truth. Unlike the Coalition who told the Australian people nothing of their plans to make cuts huge cuts across the board before they took office in 2013 Labor has been upfront about its policy plans having announced this measure in March of 2018.

This has given people plenty of time to seek advice on their retirement plans and consider changes to their personal financial position.

Recommendation 4:

The Parliament supports Labor's policy to end cash refunds for franking credits.

Hon Matt Thistlethwaite MP

Matt Keogh MP

Josh Wilson MP

1 April 2019