



MEDIA RELEASE

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FSC SUPPORTS RECOMMENDATIONS OF FRANKING CREDITS REPORT

The Financial Services Council (FSC) today supported the central recommendation of the House of Representatives Standing Committee on Economics Inquiry report into the implications of removing franking credit refunds – which was released last night.

The recommendation clearly rejects the removal of refundable franking credits on the basis it is inequitable. However, we note the report doesn't address the impact of franking credit refunds on large superannuation funds.

FSC CEO Sally Loane said the removal of franking refunds would result in the unfair treatment of millions of Australians who invest their retirement savings in some large super funds.

“Figures highlighted in the FSC’s submission to the Inquiry show that up to 2.6 million Australians were in large super funds in 2015–16 who received refunds and up to 3.5 million in 2014–15,” Ms Loane said.

“It is therefore somewhat ironic that the report underestimates the number of people affected by changes at about 900,000.

“A survey conducted by the FSC, and detailed in the FSC’s submission to the Inquiry, showed the removal of refunds could on average cost \$850 per year for retirees in affected large funds.

“A removal of rebates could result in numerous super investors facing significant financial loss, and an unfair result where many self-managed super funds and some large super funds lose access to refunds - while other large funds are unaffected.

“Despite the FSC’s reservations about the report, we nevertheless still support the main recommendation of the majority report that franking refunds should continue.”

Contact: Esther Jago on 0421 102 944 or ejago@fsc.org.au

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.