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 | |
| Confidential | Not confidential |
| Summary of proposal:  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:  Option 1: Make franking credits non-refundable for all individuals and superannuation funds.  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.  The proposal would have effect from 1 July 2019.  The request sought details on the following as a proportion of gross domestic product (GDP) from 2004-05 to 2014-15:   * superannuation earnings tax before franking credits * franking credits associated with this earnings tax * 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]](#footnote-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.

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.

1. – 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** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Superannuation funds* | *-* | *..* | *..* | *3,400* | *3,600* | *4,000* | *4,400* | *4,500* | *4,900* | *5,000* | *5,100* | ***3,400*** | ***34,900*** |
| *Individuals* | *-* | *..* | *..* | *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** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Departmental* |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Australian Taxation Office* | *-* | *-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** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Superannuation funds* | *-* | *..* | *..* | *3,300* | *3,600* | *3,900* | *4,300* | *4,400* | *4,800* | *5,000* | *5,100* | ***3,300*** | ***34,400*** |
| *Individuals* | *-* | *..* | *..* | *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** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Departmental* |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Australian Taxation Office* | *-* | *-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.

1. – 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

Per cent of GDP

Per cent of GDP



1. – 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** |
| *Australian Government pension and allowance recipients* | *320,000* |
| *Not an Australian Government pension and allowance recipient* | *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** |
| *Self-managed superannuation funds* | *Contains a member receiving an Australian Government pension and allowance(a)* | *20,000* |
| *Does not contain a member receiving an Australian Government pension and allowance(a)* | *210,000* |
| Total self-managed superannuation funds | | 230,000 |
| *APRA-regulated superannuation funds* | | *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** |
| *Australian Government pension and allowance recipients* | *-* |
| *Not an Australian Government pension and allowance recipient* | *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).

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.* [↑](#footnote-ref-1)