



Abacus
Australian Mutuals

Association of Building Societies and Credit Unions

MEDIA RELEASE

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Credit unions, building societies welcome commitment to increased savings, housing affordability

Credit unions, building societies and friendly societies welcome the announcement of savings initiatives and changes to First Home Saver Accounts (FSHAs) in tonight's Budget.

Abacus, the industry association for mutual financial institutions, argued for changes to the taxation of deposits and the structure of FHSAs in its pre-Budget submission.

"Higher savings is a good outcome for consumers and the Australian economy. This announcement goes some way to addressing the unfair taxation treatment of savings in the hands of ordinary Australians" said Ms Louise Petschler, CEO of Abacus – Australian Mutuals.

The announcement allows a 50% tax discount to the first \$1,000 of interest earned on certain savings products including deposits held by credit unions, building societies and banks as well as bonds and some other products.

"Retail deposits with credit unions and building societies are a safe and secure investment. This initiative will make savings more attractive to more Australians and as a result, will mean higher levels of savings. A higher level of savings means a boost to much needed competition in retail banking" said Ms Petschler.

"We welcome this initiative to boost savings in Australia and we agree with the observations in the Budget papers that this will allow mutuals to put competitive pressure on the big banks over time.

"We think this is an important first step in returning choice to Australians looking for a banking institution that offers them good rates on savings and loans, better service and a fairer deal.

Credit unions and mutual building societies also welcome the changes to the FHSA scheme which will provide greater flexibility to this saving product.

"First Home Saver Accounts will be more attractive to first home buyers, now that they can have greater flexibility on when they buy their home. These changes are a welcome and sensible step" said Ms Petschler.

Abacus believes more needs to be done to support competition in retail banking and will continue to work with the Government to deliver competition and choice to Australian borrowers and depositors.

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Abacus – Australian Mutuals is the industry body for credit unions, mutual building societies and friendly societies - see www.abacus.org.au

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