Dear Review Team Members,

From public comments made in relation to the review , I understand that one significant change which might be contemplated is the elimination of dividend imputation. I also understand that a reduction in the company tax rate is being considered as some sort of offset.

As one of many retirees in respect of whom this will imact significantly, I would like to express my disagreement.

In short, my views are heavily influenced by the following-

-I believe that the tax system should support self-reliance in retirement and, inter alia, ease the burden on Government funding of aged pension and related benefits. In my view the contemplated changes would act in reverse.

-the abolition of dividend imputation would result in investment income being taxed twice - regardless of any changes in the rate of company tax.

-the impact on Self Managed Superannuation Funds , including those in the pension phase , would be significant as many of the 'safer investments' incorporate dividend imputation.

-interest rate reductions ,and hefty increases in Government and essential service charges (rates, electricity, water , sewerage, car registration , gas , health care etc.) have already impacted adversely on self funded retiree incomes . A lower company tax rate is hardly likely to redress the combined effect of such changes and a loss of dividend imputation .

-retirees (and others) have been encouraged to participate in Australian equity markets. The incentive for this will be reduced significantly if dividend imputation is removed.

-I believe that a significant number of self- funded retirees have not benefited from individual economic stimulus payments.

While I expect the Review to come up with a lengthy and objective array of options, I think that the Government, in its consideration of the report , needs to weigh up carefully the political fallout from a decision to remove dividend imputation.

I trust that the Team will carefully weigh up the views that I and other retirees have expressed on this subject.

Lionel Woodward