

To whom it may concern,

I strongly oppose the rumored removal of the imputation credit system. I oppose it creates a huge deadweight loss because it skews how people save and is a disincentive to productive investment. Specifically it will promote investment in housing and deter investment in shares. House prices have already been inflated (we now pay a large premium for a house and housing represents a large proportion of income despite the productivity of that investment in housing changing little over time). Shares on the other had are large proportion of many superannuation portfolios and contribute to the productive capacity of the economy through allowing companies access to long-term finance their long-term investments in physical capital that help grow the economy in the long-run. In addition, investment in shares permits research and development, through the pooling of risks, projects that otherwise wouldn't be taken on can be taken on. Taking away the dividend imputation system discourages saving in the form of shares for retirement. It means more government revenue now at the cost of revenue in the future and it also means more liabilities for the future as more people need to access Centrelink. The most obvious cost of the removal of the imputation system would be reduced investment by companies and thus reduced future job opportunities. On another note, if anything investment for an individual's retirement should be promoted alongside education on the benefits of superannuation and how it works as it is compulsory so many people have superannuation and don't understand it. They certainly don't understand the dividend imputation system then. So they don't know what they are losing in many cases. However, for Australians as a whole though this attempt to generate revenue should be avoided. Perhaps an increase in consumption tax (equity adjustment for poorer and disadvantaged people) and removing income tax entirely would be a better move. Reducing the disincentive to save and invest and creating many positive externalities.

Regards,

Christopher Ambrey