

Leslie A Cleary

[removed for privacy reasons]

April 28, 2009

Australian Future Tax System Review
CANBERRA ACT

Subject: Australia's Future Tax System Review

Dear Sir/Madam

Having read recent reports in newspapers and other publications that the Henry Tax Review is considering recommendations to either remove or make changes to the dividend imputation system I am deeply concerned as to the effect such a move may have on me personally and other retirees depending on investment income.

I am a self-funded retiree and have a Self-Managed Superannuation Fund. I do not receive any form of government pension and am therefore totally reliant on the income my superfund can generate from investments mainly in the form of dividends and of course the franking credits attached to these dividends. As you are aware these dividends and in turn the franking credits are shrinking as a result of the financial crisis the world is currently experiencing. Added to this the capital value of investments have basically halved.

The current state of the world economy is pushing many current self-funded retirees, including myself, ever closer to pension dependency. This is something that neither government nor these retirees would welcome.

It is my opinion that any change to the imputation system would be unfair, unnecessary and would certainly negatively impact on the value of Australian Companies. Such a situation would, as has been suggested, attract foreign investment into Australian Companies as the foreign capital would be buying our assets at bargain basement prices. Is this the outcome government would wish to foster?

I trust the review panel will reject any move to either wind-back or eliminate the current franking credits system.

Les Cleary