

Attention : Treasurer, Mr W Swan

I understand the Government is currently reviewing the current dividend imputation, or franking credit, system.

I am the user of a Self-Managed Superannuation Fund. I strongly urge the Treasurer to carefully consider any changes to the tax system that will unduly impact those in the community that are self-reliant, attempting to build their own retirement savings and therefore not be a burden on the Government and, at the same time, allowing and supporting the choice and competition that SMSFs bring to Australia's superannuation system. It is through such choice that people are able to exercise personal responsibility and reduce their dependence on the Government.

My greatest concern is that the Henry Tax Review is considering recommendations to remove or change the dividend imputation scheme. The current scheme helps to support my desire to invest in Australian companies. I am most concerned that a removal or change to the scheme is an unfair, unnecessary and retrograde step. My greatest concern, especially in the current global financial crises that is more and more affecting our national, state and local economies, is that it will negatively impact the value of Australian companies in which I have already invested and who provide a dividend income that includes franking credits. In the event of such change, then the incentives to invest in Australian companies reduces and the already diminishing interest by the "mums and dads" (or your preferred term : Working Families) to invest will be negatively affected. In essence, there will be little incentive to do so. May I suggest that retirees continue to "work" for the nation in many guises, increasingly through volunteering. My view is that retirees are equally able to fit the definition of a "working family" as many other household combinations! Many people are now opting for staged retirement, due to the economic situation. Nevertheless, these and others continue to rely on their dividend income as a means of personal support and security, and certainly as a key to sustained investment in Australian companies.

I am confident that you will understand the increasingly larger proportion of voters are now, or soon will be, in the "retirement" category, either in full or part retirement. This is the consequence of the "baby boomer" phenomenon, of which I am one. I have already deferred my retirement because of the economic downturn and the direct impact on my superannuation earnings. I am aware of others in the same position. This, of course, impacts the Government's statistics. While people defer retirement, opportunities for younger generations may be blocked, during the economic downturn, and it is the unemployment reality, not to mention the statistics, that are of concern to younger generation voters.

I urge you to consider the value of the current system to retirees and to leave the system as it is – no change to the current dividend imputation (franking credit) system.

Thank you.

Ms Terryl Anne Frazer