To whom it may concern:

While I think a review of the company tax rate is reasonable, I do not think it is sound policy to abolish franking and to remove the incentive for companies to pay (fully franked) dividends for the following reasons:

- Self funded retirees (such as myself) rely on share income. For companies to not pay dividends at all (such as is largely the case in the US) would force people such as myself to rely on cash investments rather than being able to invest directly in wealth producing assets (such as public companies).
- The tax benefits which attach to franking through a superannuation fund are extremely valuable. If people do not wish to receive that as income through a self managed fund they can choose (in many cases) to have that reinvested in the company thereby accumulating extra shares. The company then can retain the capital. In short, it is the choice of the shareholder. Of course, franking has substantial tax benefits outside the super umbrella and is an important reason why so many Australians are now shareholders.
- I believe franking has resulted in a very high level of direct share ownership by many Australians to the benefit of our economy and the general level of investment literacy.
- In part due to our franking system, I believe Australia has very good share & security markets compared to many other countries in the world.

Direct investment by people in shares is good for the economy and the country. I prefer to see my retirement income coming from real businesses that I understand and can relate to rather than from fixed term deposits with financial institutions.

With regards,

Philip John Allan Ritchie [removed for privacy reasons]