

I worked with Rod Carnegie in the late 70's on a submission to the Campbell Inquiry. We strongly recommended that the double taxation of dividends be changed as taxpayers were seriously disadvantaged. The CRA (now RTZ) recommendation was accepted and implemented and has operated extremely well for many years.

Should this decision be reversed, or significantly changed, I see the following problems:

- 1) Retirees that invest in Australian companies that provide franked income will be disadvantaged.
- 2) The share price of Australian banks, in particular will suffer.
- 3) Consequently it will be harder to raise capital to grow a business.
- 4) The sharemarket can ill afford to lose investor support in these troubled times.
- 5) Returns within managed funds will also fall.
- 6) Returns within most self managed superannuation funds will also fall as rebates will be lost.
- 7) Self funded retirees have already taken huge losses on their sharemarket holdings.

Yours faithfully,

Peter Wood

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