

AUSTRALIAN LISTED INVESTMENT COMPANIES ASSOCIATION

C/- LEVEL 20
101 COLLINS STREET
MELBOURNE VIC 3000
AUSTRALIA

Tel 03 9654 0499

Mr David Hawkins
Corporate and International Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

via email: CIVreform@treasury.gov.au

Dear Mr Hawkins,

Corporate Collective Investment Vehicle (CCIV) Bill

We write in response to the Government's draft Corporate Collective Investment Vehicle (CCIV) Bill, and urge further amendment to the draft legislation.

The Australian Listed Investment Companies Association ("ALICA") is the industry body representing many of Australia's traditional Listed Investment Companies ("LIC").

ALICA's 7 members have in excess of 200,000 shareholders and invest for the long term predominately in Australian listed investment companies and trusts.

As traditional LICs, ALICA's members adopt a consistent 'buy and hold' approach to investments with the objective of deriving dividend income for on-payment to their shareholders and accordingly they maintain very low management expense ratios.

The shareholder base of ALICA's members is predominantly Australian retail shareholders, self-managed superannuation funds, charitable and not for profit organizations which are attracted by the very low management expenses and the clear corporate governance of listed companies as opposed to trusts.

Through their investment in LIC's these shareholders provide capital to many Australian corporates, both large and small.

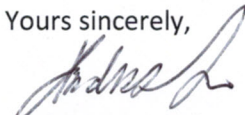
It is important that investors in LICs are not disadvantaged unfairly or inadvertently by taxation legislation.

However, the draft legislation does disadvantage LIC's in that it allows Managed Investment Trusts to determine that all investments are on capital account as opposed to revenue account, while not providing that option to LIC's.

The case for using the passage of the CCIV legislation to remove this anomalous treatment was set out in previous submissions to Government, a copy of which is attached.

We urge further amendment to the draft legislation.

Yours sincerely,



Andrew Hancock
Secretary