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13 May 2002

The Board of Taxation  
C/ - The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sir / Madam

We wish to make a submission in relation to the Tax Value Method ("TVM").

Our perspective is as the leading investment bank in Australia, in terms of arranging the largest number and highest value of mergers & acquisitions and capital raisings (equity, hybrid and tradeable debt) in Australia.

We strongly believe that formulation of relevant Government policy should explicitly require consideration of capital markets implications of that policy. Specifically, policy makers should have regard to any impact on direct and portfolio capital investment and Australian capital market valuations.

We argue this because:

- Australia is seeking to be an important financial centre;
- savings measures, including compulsory superannuation and fiscal discipline, have increased the pool of funds available for investment;
- the savings, including retirements savings, of a majority of Australians are materially impacted by the Australian capital markets; and
- the Australian markets are the primary source of capital to allow Australian companies to expand and develop their businesses (in excess A\$10 billion of equity is raised each year)

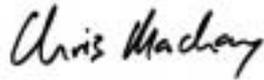
In this context, we submit that the TVM should be rejected, as:

- it is not used anywhere else in the world and this would be concerning to international investors and analysts. They may not expend the effort to understand TVM and Australia would risk a material reduction in international capital investment if this occurred; and
- TVM is not supported by major business, tax and accounting bodies. Thus, a seamless, confident introduction of TVM would not be possible.

UBS Warburg however respectfully submits that the process of corporate tax reform continue, that the information gains made from the TVM review be utilised and that obstacles to our companies investing globally from Australia be removed or at least reduced further.

Please contact me directly on (02) 9324 2475 should you wish to discuss any of the above matters.

Yours faithfully

A handwritten signature in black ink that reads "Chris Mackay". The signature is written in a cursive, slightly slanted style.

Chris Mackay