

# **Political Guts**

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Dr Ken Henry  
Secretary to the Treasury  
AFTS Secretariat  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Dr Henry,

I listened with much interest to your very frank comments on TV last week and have to admit I was impressed with what appeared to be a very open minded attitude to what is traditionally seen as a very rigid bureaucratic position. In particular, I was interested to hear your comments regarding the tax system you mentioned, that had been suggested by someone on your travels.

Whilst I could immediately see some holes in it, as no doubt you did, there is another way, and I have enclosed a letter that I sent to Mr Swan and Mr Rudd in September. As I have said, it's not a new idea, but as the global economic situation worsens, this idea is gaining in merit, benefits and opportunities almost daily! Please study the letter and the website references at <http://www.politicalguts.com/id5.html> where much of the information is either recorded or referenced.

The global crisis is presenting a situation where Australia could be a huge beneficiary. As a business advisor for decades, I have told my clients to look for the opportunity in adversity, and when necessary to adopt a "contrarian" view, to get away from the herd, or the lemmings. In this case, the worse it gets elsewhere on the planet, the greater the opportunities here, if only we have the political will to take a different direction.

While the international economies struggle to finance their own crises, if Australia had the transaction tax system as outlined, we would be the location of choice for major international companies looking for a better place to work and base their operations from. A simplified tax regime such as I suggest, would slash enormous percentages of costs from their administrations and operational costs. Our lower infrastructure costs could facilitate relocations from unfavourable political, geological and ideological climates, to one of stability, low tax and high liveability.

While states such as NSW languish and teeter on the verge of bankruptcy right now, this change could reinvigorate the economy, remove the layers of bureaucracy and costs that burden businesses and clog the flow of wealth around the economy. Throughout Australia, there are vast amounts of infrastructure, in the form of vacant buildings, offices and warehouses, railway lines, transport equipment, unemployed populations of regional centres, airports and more, that would welcome with open arms, the head office relocation of refugee international corporations.

Currently, our tax system makes criminals of average people, good citizens who are trying to keep as much of their earnings in their own wallets as possible, in these trying economic times. The major corporations just budget huge amounts to large accounting firms to save them as much as they can. The ATO, meanwhile, spends multi-millions on trying to recoup thousands of dollars and frankly, it doesn't make sense!

The system itself creates criminals! A Transaction Tax system would eliminate this from our lives!

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Our best estimates show unemployment skyrocketing in the coming few years, and our worst estimates look disastrous and if true, would cause an implosion of our economy. Tax cuts only provide a small, very short term stimulus to the economy. The billions proposed being handed out as a spending incentive before Christmas are likely to be hoarded by frightened consumers rather than spent on Christmas presents, and only compounds the problems of cash NOT flowing through the economy. As another figure said, "The consumer has gone on strike and will remain on strike until they feel confident in the economy again!"

Is there a better way to remove fear than demonstrate the required leadership with a structural reform that removes the greatest bugbear of the Australian wage earner and business operator?

In one reform, most of the complaints of small business, the employers and engine room of the Australian economy, would be removed. People will be employed. Cash will flow, because not only will wage earners/consumers have more money in their wallets, they will FEEL that their needs are being met, they have been heard and action has been taken on their behalf.

Our global position will transform from being an economic minnow to an economic leader, and business, investment and opportunities will flow our way.

Dr Henry, my website [www.politicalguts.com](http://www.politicalguts.com) has so much more in it that you need to see. Infrastructure policies not revealed yet but soon to be sent to the relevant ministers, the health and education systems, the environment, business and entrepreneurship, each of these areas and more have direct, tangible benefits flowing to them from a decision such as this, and the flow-on effects to the economy are vast. My website has an integrated series of policies, each of which would benefit from this tax reform. Their implementation will transform Australia.

As it stands, Australia is heading towards being a global mining colony, such as is portrayed in science fiction movies where a planet is a mining colony for the other "advanced" worlds to plunder. This is MY country, and my son's national inheritance, and that concerns me. I'd like to think that we passed on to him a thriving business operation, rather than a quarry site.

That is the choice we face, right now, in 2008. A key factor in that is the taxation system and how we go about removing the shackles from Australian business and wage earners. We long ago relinquished our convict colony status, I'd like to think we can continue to grow and improve our status on the planet to become the agile, proactive, economic brains trust, leading the way in the economic world by example, demonstrating what sound economic policies do to family and communities, showing what a sound economy can do to rehabilitate ecology and environmental issues, demonstrating true global leadership.

Dr Henry, this is the opportunity that we face, as we are surrounded by the adversity. Tell me, do you think we have what it takes to rise to the challenge? Or will we sink into the mire as so many other countries seem destined to do.

I will keep working for Australia, but it's a big job alone.

As a final note, if it is possible for a concerned citizen to lodge a submission for an input to this taxation reform system, please consider this mine. I can no longer stand by and watch my country and my son's national inheritance be bankrupted by systems which are obviously ineffective, while better systems have been available for decades. That borders on treason!

Sincerely

Ray Jamieson  
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