

In the last four decades all the tax-changes have been for the benefit of the top 20% of the population.

e.g.

- 1) Death Duty abolished in the 1970's
- 2) Estate Duty abolished 1979
- 3) Gift Duty abolished 1979
- 4) Probate abolished in the 1970-1980's in all states
- 5) Huge tax concessions for super.
- 6) Last but not least, now tax-free super for the over sixties, if paid from a taxed super fund.
- 7) Tax rates have progressively been reduced
- 8) Dividend imputation introduced. When the company pays 30% tax and the shareholders receive the imputation credit, it is almost a zero numbers game, eg: company pays tax and the Government returns most, if not all back, to the shareholders.

How many countries have Dividend imputation?

The UK has recently abolished it.

The changes to the tax rules for super-pensions from taxed super for the over sixties must be really the icing on the cake.

Much of accumulated super assets has been accumulated with generous tax concessions, and at times no tax was paid in the accumulating stages; due to dividend imputations, negative gearing, etc.

Is there any country which has such generous provisions for the very rich?

As almost 78% of the people over the pension age receive some part of Centrelink pension, this people pay the highest tax rate, namely 40% in loss of Centrelink pension, plus marginal tax rate, if income is above the tax threshold.

What should be the first priority in changing the tax system:

- 1) Abolish all tax concessions for super and abolish the compulsory super contributions, increase the wages by the amount of the compulsory super, because the super was only granted to the workers to forfeit any wage increase at the time of introduction.
- 2) Abolish all the means-testing of the age pension, but retain the tax offsets for seniors. The reason for the tax offsets is, that the aged are not able do certain tasks which a person of younger age can do and have to pay for that. The means test of the age pension is the meanest in the whole developed world. The Government just uses it to keep the pensioners just above the poverty, with no chance of the pensioners improving their conditions.
- 3) Introduce a Universal Age Pension for all people over the age of 65; the savings on tax concessions will compensate for the extra cost of the UAP, and even provide for an increase in the pension, because currently the cost of the tax concessions equals or exceeds the total cost of the age pension.
- 4) Consider raising the tax rate for the extremely high incomes; how can anybody justify to keep more than half of at times grossly exaggerated income of millions? And with the generous tax treatment of super, the overpaid fat-cats are further benefiting from the generosity of our tax laws.
- 5) This is an extract from an article in the Australian Financial Review:

In the AFR article “ Super tax breaks favours the few” on the 30.Jan.2009 written by John Breush, John Freebairn economist of the Melbourne University was reported as saying, “It’s an incredibly inequitable system”.

Furthermore he stated “It’s wonderful for people like me but it’s not a good deal for someone who is on the 15 per cent or lower tax rate, which is quite a slab of the workforce”.

In the book “Unemployment forever or a Support Income System and Work For All” on page 142 (h) it is stated: Any means tested welfare system requires extensive and complex state control and regulation. Australia is slowly but surely moving towards the ultimate outcome of a means tested social welfare system-state control over finances, the savings, and the labours of the poorest in the community.

Have the politicians of Australia the know-how and will to change the tax and social system to be more egalitarian, or was the late Professor A.J.Marshall right when he wrote, as quoted in the book “Equality and Authority” by S Encel on page212: “Most Australian politicians, he wrote, aspire to parliamentary seats ‘to better their salary,to inflate their egos and feather their nests’.

John Pilger in his book “The new rulers of the world” wrote on page 175: Like Britain and the US, Australia is a single ideology state with two competing factions, discernible largely by the personalities of their politicians. The difference between Howard’s conservative coalition and the opposition Labor Party is that Howards policies are not veiled. The Labor governments of the 1980s and early 1990s oversaw the greatest distribution of wealth in the country’s history: from bottom to top. They were Thatcherite and Reganite in all but name. Indeed, Tony Blair described then Prime Minister Paul Keating as his ‘inspiration’.

Will the same shift in wealth from bottom to top happen under the current Labor Government or will it be even worse?

Considering the current financial turmoil, with the possible large increase of unemployment, it can become much worse.

The main reason for that, is, that currently the house mortgages for the owner occupiers are usually based on two incomes, so the risk of loosing a job is doubled.

Furthermore if one partner loses his/her job, and the other retains his/hers, due to the means test, the couple falls onto one income, which will not be enough to keep up the mortgage payments.

In most European countries if one partner becomes unemployed, he/ she will receive 66% of the income for the next 6month, and this will cushion the risk to a certain level.

It is surprising that neither the media nor any politician has brought this problem to the attention of the Australian people.

As there is over a trillion \$ of cash at the disposal of some clever investors sitting there, and waiting for the time, when there is so called “financial blood in the street” they will be ready to pounce, and that will be the greatest shift of wealth, again from bottom to top.

Lets hope the Australian politicians do everything at their disposal to prevent it from occurring.

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