

Submission to Australian Government taxation review by G. Hancock

What makes a country strong economically?

Its ability to take advantage of its key resources and export products and services to other countries.

Exporting is the key to wealth for **all** Australians – witness the growth over the last hundred years of countries who exported from their strengths. USA, Japan, Germany, Taiwan , Korea, China.

What are Australia's key resources ?

Vaste land mass for agriculture, minerals, vaste ocean territories and a well educated clever group of multicultural people with contacts in every country of the world.

How does a taxation system encourage the best use of its resources to export product and services to the world?

1. It reduces barriers to purchasing and installing equipment which is used for providing export product and services. If there is a better machine available somewhere in the world that can produce the product being exported cheaper than the old machine producing it and the cost is the same as repairing it the tax should not make it unattractive to replace the machine.(which is quite often the case now.) New equipment for exporting should have less tax then the repairing cost of the old equipment.
2. It encourages the building of infrastructure for exporting product and services.
3. It encourages the building of export orientated manufacturing units on a global scale.
4. It has disincentives for production and services which are purely domestically orientated eg. domestic housing.
5. It encourages levering off domestic success to achieve exports.
6. It reduces red tape for exports.
7. By eliminating exemptions it reduces the number of tax loopholes which allow exploitation.

Having worked in engineering management at one of Australia's largest industrial enterprises for 30 years I saw many decisions to repair and maintain old equipment due to the tax treatment of R&M versus Capital that led to the retention of old equipment when our competitors were buying new update technology. This allowed them to easily take customers away from us and led to the loss of many jobs in our industry.

I would be pleased if you would consider my submission when framing the very important changes essential to our tax system.

G.Hancock (B.Sc Eng.)

[removed for privacy reasons]