

Dear Sir

I would like to make ??? comments as follows –

1. Off-market share buy-backs should be banned. The diametrically opposite views of the Australian Taxation Office and the Australian Securities and Investments Commission as to whether off-market share buy-backs involve dividends, or deemed dividends, or not, undesirably bring the Australian Taxation System into disrepute. Such a ban should also discourage the Australian Taxation Office from trying to thwart one of the fundamental tenets of accountancy, namely that there is a meaningful distinction between revenue and capital transactions that, for the sake of the integrity of the Australian Taxation System, should not be muddied.
2. Ordinary Australians need direct access to the Australian Federal Government's bond market to safeguard their savings. Access via bank term deposits, even if government guaranteed, involve exposure to bank fees and charges and for many may be less desirable than Australian Federal Government Bonds. Small savers, superannuation savers, retirees, Councils and others should be able to safely deposit funds in such Government Guaranteed Bonds knowing that come redemption day they will receive all their money back. The Australian Federal Government (and the States) could make such bonds very attractive with, for instance, tax breaks if held to maturity, some income bonds, some accumulation bonds etc. Maturity dates could be matched with say pension liability dates by trustees of pension funds and there would be little risk of loss. Short selling would be prohibited. Such bonds would set a benchmark with which all other forms of monetary deposit would have to compete. In all it would be an opportunity for the Australian Taxation Office and the Australian Federal Government to do something really good for the community. The general intent is to safeguard all the savings of ordinary Australians.
3. Please help curb the remuneration of senior personnel in publicly listed companies by making any remuneration in excess of seven times average weekly earnings non-deductible; an absolute cap of \$460,000 per annum for deductible salary and compulsory 9% superannuation should exist, with gifts of bonuses, options and shares banned for the next five years at least. Criminal penalties should apply to those found trying to circumvent this law. There is public outrage in the community over the excessive remuneration of some directors and some chief executives, particularly when they have not performed. I believe average weekly earnings are \$1,147 which amounts to \$59,644 per annum. 7 times \$59,644 equals a salary \$417,508 per annum. Add a compulsory 9% superannuation contribution and the aggregate is \$455,084, just below the absolute cap of \$460,000 that I have suggested. This is ample reward for the joy and privilege of running a publicly listed company. In the near future the importance of "doing the right thing" not just what the law allows will I believe increase since it is the very bedrock of one's credibility. Excessive greed needs to be nipped in the bud. There should even be compulsory termination clauses in the contracts of chief executives forbidding the payment of final bonuses until they are formally approved by shareholders in a general meeting.
4. Please simplify the tax law. The lawyers in Parliament would appear to have little incentive to do this. But generally I believe the Australian public would love it.

Thank you.

Yours faithfully

Alan Mills