

Dear Review Panel, Treasurer and Others,

‘AUSTRALIAN GREEN FAMILIES’ INVESTMENT: A PROPOSAL TO THE REVIEW PANEL ON AUSTRALIA’S FUTURE TAX SYSTEM AND OTHERS

I refer to my previous attached submissions to the Review Panel on Australia’s Future Tax System but now deal only with the Review Panel’s consultation paper question below:

Q. 14.3: What is the role of the tax system in ensuring that renewable resources are used both sustainably and efficiently? A. The Panel has the power to determine this role so I now recommend the action below which is related to the previous argument attached.

In early 2008 the Prime Minister (PM) discussed his vision to ‘unleash the national imagination from beyond the ranks of politics and the public service’ and ‘to help fashion a national consensus around a common vision for the nation, with common goals to aim for within that vision’(Sydney Morning Herald, (SMH 17.4.08, p.11). In this context I would be extremely grateful if you would act to establish an ‘Australian Green Families’ investment vehicle, for reasons discussed below and in previous submissions attached.

In the related context of the current inquiry into Australia’s future tax system, I also draw to your attention the article entitled ‘The case for a new top tax rate’ by Richard Denniss of the Australia Institute. He states that from July 2008, the top tax rate in Australia of 45% applies to those earning over \$180,000 per year. He argues that a new tax rate for incomes over \$1 million per year would not only increase the equity of the Australian tax system but also increase tax revenue. To illustrate this, his Table 3, outlined below, provides the following profile of Highly Paid CEOs in Australia, 2006-2007. However, taxing the super rich more highly does not appear to deal with any related systemic production dysfunctions. Therefore, my question to the Panel and significant others is:

Would the people outlined below, or others like them, be prepared to volunteer a portion of their 2009 salary and also pioneer an Australian organization for achieving greener, more sustainable development with it? Why not ask them?

This might be envisaged as a companion organization to the Bill and Melinda Gates Foundation, which focuses globally on sustainably improving the health of the poorest populations. Most Australians are not poor, but experience many related community and organizational problems. The case for new, open organizational development is that key organizational structures do not appear ready to support what is necessary for greener and more sustainable development as they spring from feudal and related expectations which historically have been increasingly entrenched. I addressed this in attached submissions.

In this context, eco-tourism may be a very depressing experience. For example, I spent New Year’s Day at Taronga Zoo. It made me very sad to read about so much lost habitat and to know that yet more palm oil or other plantation production in Asia may often seem to be the best development choice, which will naturally destroy more forests and related life. I assume that in hard times the old development associations and organizations are naturally those most trusted, which I also believe is wrong, as I argued in submissions.

As a retiree and small investor, there is nowhere I would rather be than with UniSuper, which is very depressing. I would love to join a new kind of open investment vehicle I could trust, which seeks greener development. I also need somewhere safe to put some of my superannuation funds. However, all green technology and related development currently seems to be a highly dangerous investment option to me. ‘Socially responsible’ is the worst performing area of UniSuper

investments discussed later and I bet this is universally so. In the currently structured organizations of the world I wonder why I would ever trust any 'green' investment to be green, let alone to deliver any stable returns to me, as distinct from highly unstable ones or loss. The system is unnecessarily evil and men like Ken Henry are now responsible. How does his reported visit to wombats help?

I therefore make the current 'Australian Green Families' organizational proposal because I believe new political and economic organizational forms are necessary for sustainable development and that the Bill and Melinda Gates Foundation also leads the way in this kind of practical and experienced vision. I use the term 'Australian Green Families' to make the point that the ideal organization is not primarily dedicated to money, but also needs to be sustainable. We cannot and should not make multiple contributions to charities while also accepting huge and systemically dysfunctional money management which has nothing to do with free markets, which depend on reliable information.

I would therefore be grateful for any submissions the Panel, Treasurer, or any others make to those below and to political families such as the PM and Ms Rein and the Leader of the Opposition and Ms Turnbull, in order to lead investment forward in a greener, more sustainable way. I would also be grateful for any further advice on all these issues.

Table 3: Highly paid CEOs in Australia 2006-2007

Name	Industry	Millions Received	Extra tax payable with 50% tax rate on income over \$1 million
Allan Moss	Banking	\$33.90	\$1,645,000
Phil Green	Banking	\$17.00	\$800,000
Greg Gailey	Mining	\$16.70	\$785,000
Frank Lowy	Property	\$14.40	\$670,000
Wal King	Leighton Holdings	\$13.90	\$645,000
Paul Little	Transport	\$13.40	\$620,000
Greg Clarke	Property	\$12.20	\$560,000
Sol Trujillo	Communications	\$11.80	\$540,000
David Morgan	Banking	\$10.60	\$480,000
JM Stewart	Banking	\$ 8.80	\$390,000
J McFarlane	Banking	\$ 6.80	\$290,000
Ralph Norris	Banking	\$ 6.50	\$275,000

According to the article 'Rudd's leadership comes cheap' (SMH 30.12.08, p. 4) the PM's salary of \$330,000 per annum falls \$30,000 short of the salary of the Governor General because her package formula is tied in part to the chief justice's salary. Might she make her own contribution to a better Australian way forward and also urge wealthier lawyers to join her? I urge the Panel, the Treasurer and the Attorney General to formally write and ask such people to do so. There are many good reasons to undertake such an attempt to create freer, more informed markets to benefit ordinary Australians and many others.

The UniSuper Report to Members for 2008 shows a dismal picture which I guess is worse elsewhere. It notes that with the exception of the Socially Responsible High Growth Option, all of UniSuper's Pre-Mixed Investment options outperformed their respective market benchmarks and survey median returns over a three, five and seven year period to June 2008. However, in 2007-2008 the Socially Responsible Balanced Option was -9.47 and the Socially Responsible High Growth Option was -10.20. The High Growth Option was -10.20.

The main Socially Responsible Investment Managers are AMP Sustainability; AMP Sustainability Balanced; BT Australian Sustainability Fund; Dexia Sustainability (International); State Street Global Advisors (currency overlay). One wonders exactly where our money is going and whether others can perform any better. The UniSuper annual report contains no information about this, which is not acceptable given the coming introduction of the carbon pollution reduction scheme. More forests destroyed and money down the drain in a few years time which the rich can always weather?

Apparently, the total market value of UniSuper's assets as at 30/6/08 was \$23,300 billion. Management of approximately 92% of these assets is outsourced to external investment managers and the remaining 8% of total assets is invested by the Trustee in a range of investments, mostly infrastructure projects. All investment managers are 'monitored constantly' and 'are generally reviewed in detail at least once a year' (p.19). However, the list of investment managers appears to relate to around 150 separate funds. I have no idea why all these were chosen by UniSuper, other than the time honoured financial practice of spreading risk (and one assumes its related organizational good will). I guess UniSuper monitoring depends on mutual trust and the fact that the latter is so big that their return business is likely to be valued rather than as easily wiped out as might occur to an unknown small investor (like me or a similarly ignorant piece of scum like dad).

UniSuper is governed by a corporate trustee, UniSuper Limited – 'a not for profit company' whose shareholders are 37 Australian Universities. It is not clear to me what makes UniSuper 'not for profit', but I find the words encouraging. I note UniSuper's top ten Australian shareholdings were those outlined below and urge The Panel, the Treasurer, the UniSuper Board and others to undertake discussions with CEOs of such organizations about better ways of supporting greener development and related carbon pollution reduction through investment than appear to have been possible historically.

	Market value (\$ million)	% of Total assets
BHP Billiton Ltd	628	2.69%
Rio Tinto Ltd	247	1.06%
Westpac Banking Corporation	230	0.98%
Westfield Group	229	0.98%
Telstra Corporation Ltd	202	0.86%
ANZ Banking Group	186	0.80%
National Australia Bank	185	0.79%
QBE Insurance Group	153	0.65%
Commonwealth Bank Australia	152	0.65%
Woolworths Ltd	142	0.61%

Thank you for the opportunity to make this submission. I would be very grateful for any collective or personal approaches made to individuals or organizations discussed above, asking for their leadership in a new vehicle for obtaining more sustainable development. I would have no hesitation in supporting a new open cooperative venture led by such people and think many other distressed citizens and small investors would feel similarly.

Yours truly Carol O'Donnell