

The Association for Good Government- ACT Branch

PO Box 4376, MANUKA, ACT, 2603 Phone (02) 6259 5981 Email: Goodgov@bigpond.net.au

To Dr Ken Henry AC
Secretary to the Treasury
Chair AFTS Review

17 October 2008

Dear Dr Henry

Re: Association for Good Government (ACT Branch) Inc. Submission to: Australia's Future Tax System- October 2008

The Association for Good Government ACT Branch is an educational body funded by the Henry George Foundation of Australia with the sole object of educating in the ideas and principles enunciated by Henry George (1839-1897). Our association is grateful for the opportunity to make the following submission to the AFTS Review.

1. What major challenges facing Australia need to be addressed through the tax-transfer system?

"But if the good king, Simonides, were of my mind we would purge the land of these drones that rob the bee of her honey." Shakespeare, "Pericles", (Act II., Scene I), 1608.

These major challenges are:

- a) To overcome the growing social and economic inequality and poverty; (These problems are well explained in **Attachment 1- Who Gets What?** by Frank Stilwell and Kirrily Jordan, 2007);
- b) To establish a Australia as a truly just, compassionate and prosperous society where all people have an equal right to use and enjoy land and to own the full product of their labour;
- c) To overcome the waste of public money caused by an unnecessarily complex tax and transfer system;

2. What features should the system have in order to respond to those challenges?

"The best tax by which public revenue can be raised is evidently that which will closest conform to the following conditions:

1. That it bear as lightly as possible upon production- so as to least check the increase of the general fund from which taxes must be paid and the community maintained. (See **Attachment 2, The Taxable Capacity of Australian Land and Resources**, Terry Dwyer, 2003)
2. That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers- so as to take from the people as little as possible in addition to what it yields the government.
3. That it be certain- so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to lawbreaking and evasion on the part of the taxpayers.

4. That it bear equally- so as to give no citizen an advantage or put any at a disadvantage, as compared with others... The tax on land values is the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, of that which is the creation of the community. It is the application of the common property to common uses." (Progress and Poverty, Henry George, 1879, P.408; 421). (See **Attachment 3**, Progress and Poverty, Henry George, 1879 and **Attachment 4** [CD Recording x 5 copies] How Labor Lost its Way and **Attachment 5** [Pamphlet] "How Labor Lost its Way", by the Honourable Clyde Robert Cameron AO, 1984.

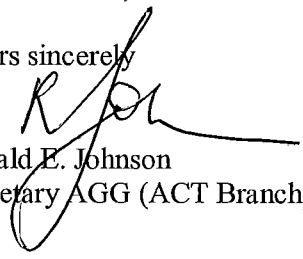
3. What are the problems with the current systems?

- a) Unfair- The current system defies the Golden Rule as taught by Jesus Christ (see **Attachment 6** [CD Recording], The Condition of Labour, Henry George, 1891. The current system rewards landlords and speculators and robs labour and capital;
- b) Expensive to administer- A single tax on land values could be accompanied by a single Citizen's Dividend to replace all welfare payments;
- c) Stifles progress- By denying fiscal equality and justice, social co-operation and civilisation is breaking down or seriously impeded;
- d) Distorts the market- The current system supports and promotes the private collection of land rent causing monopoly and unjust privileges that grossly distort proper market function and negate fair competition;
- e) Cause of industrial recessions and depressions- The 'boom-bust' cycle is caused and perpetuated by a taxation system that allows the private collection of land rent (See **Attachment 7**, Unlocking the Riches of Oz, Bryan Kavanagh, 2007);
- f) Restricts trade- Tariffs and other taxes on labour and capital reduce Australia's international competitiveness and impose a burden upon Australian consumers; (See **Attachment 8** Protection or Free Trade, Henry George, 1886)

4. What reforms do we need to address these problems?

- a) Abolish all taxation save that upon land values.
- b) Introduce a Citizen's Dividend or Basic Income for all.
- c) Public Education in the moral principles and fundamentals of Political Economy as taught by Henry George. (See also **Attachment 9**, The Science of Political Economy (1897), **Attachment 10**, The Land Question, (1881) , **Attachment 11**, Social Problems (1883) all by Henry George. See also **Attachment 12**, Canberra in Crisis, Frank Brennan, 1971.

Yours sincerely


Ronald E. Johnson
Secretary AGG (ACT Branch)