

Dear Sir / Madam,

Australia has for many years been faced with the challenge of maintaining our skilled Defence personnel. Air Marshall Binskin has recently addressed the problem of losing Air Traffic Control staff to civilian positions. This branch is only one of many that are continually under pressure to leave Defence to find more lucrative employment elsewhere.

Other specialist branches such as submariners, pilots, avionics technicians, engineers etc are always in strong demand by civilian employers.

Currently Defence Personnel are taxed at the same rate as any other member of the community. Many members of the community however believe Defence Personnel are employed under a tax free arrangement. Only Defence Reserve Personnel are currently afforded this exemption.

My proposal is to make variation to the taxation system to apply to uniformed Defence Personnel, those willing to offer the ultimate sacrifice for our country.

\*I propose that uniformed Defence personnel be taxed at a flat rate of 5%\*.

The advantages are many including :-

1. Net pay rate for uniformed Defence Personnel would then match or exceed any external civilian offering.
2. Increased retention rate of Defence Personnel.
3. Reduction in training costs.
4. Higher initial application rates enabling selection of better qualified candidates.
5. Better opportunities for long term career planning by engaging more 'career' minded personnel.
6. No imposition on Defence Budget, in fact it may actually be reduced due to the reduction in training costs.
7. Reduction or elimination of retention bonuses.
8. Higher morale in Defence
9. Reduction in loss of Defence Corporate knowledge, particularly in the middle level ranks (10 to 20 years of service) due to high levels of attrition.
10. Tangible recognition of our serving uniformed members' value to the Nation.

This proposal would have no significant impact on total Taxation revenue as the number of Defence personnel is relatively small in comparison to the total population. These personnel will still be contributing through GST during their normal day to day living expenses. A nominal 5% could be deemed a contribution for medical and dental etc.

This proposal would be relatively easy to implement as there would be no need to alter current Defence pay scales, circumventing community concern in regard to increasing pay rates relative to other members of society. Some areas of Defence are already paid at a different tax rate ie when on overseas service or working in the Defence Reserve.

It would be imperative that this initiative be confined to uniformed personal, not to civilian staff or other contract or associated personnel.

For your consideration

Peter Batten