

Hullo

Thank you for this opportunity to have a say in Australia's future taxation system.

My main point is that I would like to see taxation at the personal and business (particularly corporate) level increase so that environmental, community, educational and health services can be improved. The reason for this is that all the research I have come across indicates that a nation's well-being and lower crime rates correlate closely and positively with increased access to quality in these 4 service areas. The trend in this country to lower taxes has put us at risk of reducing our capacity to maintain the quality of our social and environmental bases.

My second main point involves clarity and equity. Taxation is essentially a way of ensuring that we can maximize our community environmental and infrastructure assets by pooling our resources and thereby gaining more useful leverage. It is also a way of redistributing resources throughout the community so that extreme differences of income do not become detrimental to society's need for peaceful co-existing and cooperative communities. In a globalized world this becomes more crucial. Currently, Australia's tax system discriminates significantly against those on fixed incomes, particularly pensions and benefits by creating an extraordinarily effective marginal tax rate, through a system which reduces the baseline pension dollar for every dollar earned plus taxing the earned income. This is in effect a double taxation policy in practice for those who have the lowest incomes in Australia: particularly unemployed people, those with disabilities and for single mothers returning gradually to the workforce. This needs to be reformed in an equitable way coupled with some community education that describes the new policy's equity. Ways to do this include increasing the income threshold at which pension monies are withdrawn after earnings; increasing a base rate pension; reducing the taxation burden on pensions and benefits. Aged pension reform is more complex because some aged pensioners are doing extremely well, while others are very very poor, particularly in rural areas where although the cost of living may be cheaper there are so few services available and accessible to housebound elderly.

My third main point is that of implementing a community budget process similar to that used in Brazil where local communities participate in federal budget decisions by feeding suggestions upwards through local government to regions (like catchment areas) to the States of better directly to the federal government. this has occurred in a number of budgets now and is working reasonably well in that it circumvents the wealthy partisan lobbying that can skew a budget process and can end up with politicians overly harassed.

My fourth main point is that the taxation system should reflect the principles of equity and transparency at a national level that we would like to see implemented by financial governance at a global level. It is clear from recent months that the global financial system does not have sufficient stability as a buffer for reliable superannuation support in old age for individuals or for national governments to rely on totally unregulated markets to bring us all to a better more secure life. Transparency of financial transactions and products through government taxation income generating strategies and taxation expenditure items and processes is vital for equity and for understanding what is really happening in our national accounts.

Superannuation has been a wonderful blessing for those who have well

paid employment throughout their lives and generous and/or well unionized employers. For women who typically move in and out of the workforce over time, who often have part-time positions and who may spend some years in the alternative but nonetheless important role of childrearing and whose life expectancy remains longer than males. One way to deal with this would be for government to top up part-time workers superannuation.

A very complex taxation and social security system inevitably lead to mistakes and to call these criminal is in itself highly problematic and risky, because it creates a system that is impossible for citizens to successfully navigate without making errors. For example, the question social security asks about How long have you been in a relationship? when applying for the Baby Bonus is so wide open to interpretation as to be almost trapping people into misleading statements.

It would be useful for the Australian Government to support the international implementation of the Currency Transaction Development Levy (CTDL) that would tax the richest market of all, the trade in foreign exchange, worth a staggering \$3,200 billion daily.

Doing more to stop wealthy Australians from using tax havens to avoid their responsibilities is also worthwhile.

Introducing a tax on the emission of pollutants is critical if carbon trading is to be effective in reducing greenhouse gas emissions and our environment will become safer for ourselves and our children. One example is to follow the German Government's policy. The German Government has decided to revamp its motor vehicle tax so that in future the rate depends on the amount of carbon emitted from exhausts. This could also be done through vehicle registration cost structures. Maybe the taxation review could usefully recommend the Australian Government negotiate a similar arrangement with the States.

Agriculture needs to be included in terms of ensuring that polluters pay for damage to the environment and in particular our waterways. Whole of catchment approaches can only work if there are strong guidelines in place to protect our rivers from nitrate and phosphorous run off. Such taxation regimes are likely to encourage more recycling of nutrient fertilizers especially if combined with incentives.

Dedicating 0.7% of our revenue to international and overseas aid is also worthwhile as a taxation policy.

It could be worthwhile for the Review Panel to view the October NI Magazine for further background, and the tax justice blog.

I would also recommend simplifying the Social Security system of payments so that there is one pension available to those in need - a sort of guaranteed minimal income that links to the minimal income before taxation, say \$10,000 to \$15,000. Currently (similarly to the indigenous situation) monies go largely to the bureaucracies that service people in need rather than the people themselves who are in need.

Finally many people do not understand how the taxation system improves and benefits our lives. The Your/Our taxes at work program is very useful, although I have the impression that most of my taxes go on roads and bridges, when there is so much more that government does.

We need governments who trust communities, not governments that try to control communities.

I wish you thoughtful success in your deliberations and trust that you will find some excellent research available to back your decisions.

Yours Sincerely  
Saide Gray