

## **Submission to Australia's Future Tax System Review Panel**

The statement, "Greed is Good"<sup>1</sup>, can no longer stand as the predominant maxim for financial institutions, large unsustainable corporations, and the average global citizen. The current financial crisis has ensured that, in general, humanity has had to face up to the fact that their desire for material wealth should not, in fact, outstrip their requirements for survival. When the average Australian decided to enter into binding financial contracts, they presumed that their money would be safe. When a large consortium or financial institution enters into binding financial contracts, they presume the same. Now, the realisation that none are immune to the presiding financial woes has left many wondering; What will happen next? As a nation, we are facing not only massive changes within the financial sector, but as a global community, we are having to confront insurmountable changes to our climate. Essentially, Capitalism is having to acknowledge it's greatest challenge.

Without going into the possible sources of the current difficulties, as a nation, we realise we are facing complex issues. Do we simply 'weather the storm' or do we confront the challenges? In response, I urge the Australian Government to consider a number of issues. Firstly, I would consider support for implementation of the Currency Transaction Development Levy (CTDL) as this would ensure that the 'richest market of all' must commit to tax reform. I would also encourage the reversal of lower corporate and some personal income taxes that has tended to benefit those who have income in excess of the average income earner. Instead, I would encourage the Australian Government to ensure that tax breaks are aimed at those who need the incentive to save. I have kept abreast of news reports which have informed Australian's of reforms to welfare payments, but I have been concerned that they have, in fact, been designed to encourage spending. In the current climate, most recipients will prefer to save the money instead of reinvesting it into the economy. The government should understand this. When faced with a financial crisis, people will hold on to their assets, they will not spend. The government must place themselves into the same predicament.

**Would you spend the money you were given if saving the money would ensure your survival?**

I would also insist that the Australian Government should do more to regulate the activity of '**hedge funds**' as there appears to be no requirements to report by these entities, and there appears to be no regulation in place to ensure transparency. Despite the fact that these entities are playing with 'virtual currency', I would like to remind the Australian Government that if the average global citizen was to demand withdrawal of their funds from their preferred financial institutions, these institutions would collapse overnight. The global economy should keep this in mind.

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<sup>1</sup> This refers to a statement by the character, Gordon Gecko, in the 1980's movie, "Wall Street".