

Subject: Submission on Retirement Income System

The review is stated to include all of Australia's tax system. Specific items to be addressed by the review are included as Items 1-4 below with Items 5-6 addressing further issues.

*1. The appropriate balance between taxation of the returns from work, investment and savings, consumption (excluding the GST) and the role to be played by environmental taxes*

Exclusion of pensions from income appears to be unnecessary.

*2. Improvements to the tax and transfer payment system for individuals and families, including those for retirees.*

A simplified tax return to allow employed and retired individuals to complete their own returns is desirable.

*3. Enhancing the taxation of savings, assets and investments, including the role and structure of company taxation.*

Artificial use of companies for essentially individual tax benefits is to be avoided. Outrageous remuneration of chief executives has hidden under various devices in this area.

*4. Enhancing the taxation arrangements on consumption (including excise taxes), property (including housing), and other forms of taxation collected primarily by the States.*

These taxes are often distorted by the Federal/ State structure. Transparent separation of basic taxes (GST & income), discretionary (higher cost consumer products, tolls, property etc) and community cost taxes (cigarettes, alcohol, gambling etc) is desirable.

*5. Increasing transparency in investment for retirement.*

Credit rating agencies which receive funding from clients they rate and commissions for financial advisors for products sold cause grief for retirees who now bear the ultimate risk for their investment choices. Both require restructuring.

*6. Addressing loss of Australian ownership*

The current tax and financial system caused loss of Australian ownership of all major civil construction companies in the late 1980s after the 1982 recession, followed by government stimulus and subsequent inflation (e.g. Leightons, Thiess, John Holland, Abigroup, Jennings etc). Similarly for two of three major resource companies in the 1990s (CSR/Readymix & Pioneer). The current recession appears to be doing the same for mining companies. Headquarters in Australia is important as the headquarters location is where corporately funded central laboratories, future development and strategic decision making is undertaken.

Yours faithfully  
David Dash  
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