

21 April 2015

Dear Mr Hockey

For many years, I have been researching a way to implement true tax reform, reform which is simple, just, and which will allow our economy to expand by eliminating useless pursuits such as trying to define and tax an elusive concept called 'profit'. Also the concept of 'progressive' taxation on Income is a dreadful barrier to the production of income. A recent (unpublished) letter to the editor refers.

The Editor

The Weekend Australian Easter 2015

Dear Sir,

A no-holds-barred debate about the Australian taxation system is most welcome.

Let the games begin - may the best argument win. Start by disqualifying all special-interest group pleadings for a bigger share of the pie. Then bar those who wish to further twiddle tax rates, demarcations and discriminations of a broken system. Then send to the sin bin any who wish to tax the elusive concept of profit (that cannot be measured with any precision or legal definition when the value of money is constantly changing - the only time anything has a monetary value is at the moment of exchange when the Buyer and the Seller agree the price in the currency nominated for the transaction). Then consign to the bleachers any who wish to tax income (if you want less of something, then tax it more) and send with them supporters of a complex VAT. Then banish to a desert island the deluded people who believe we can control the climate using a tax on a trace gas. Let them be joined by those who wish to tax land using deemed valuations, and those who wish to tax bank savings, both are insidious concepts putting Dracula in charge of the blood bank.

So what is left? A low, simple, consistent spending tax on the use of government-issued money in the exchange of goods, services, property and labour, is visible, incorruptible and efficient. It would release an army of accountants from their futile pursuit of the elusive profit to work in productive areas. Tax collectors would be accorded a new status as people who administer fair and just rules. Our jails would not have to accommodate victims of a system few understand. Darwin could become the new Singapore and Port Clinton the new Hong Kong.

Regards

John McRobert

As background I am a civil engineer and in the 1970s found that to build rust resistant structures such as in preparation plants, ports, bridges and other major infrastructure, technical solutions were dwarfed by taxation considerations in the economic planning. It was better to use cheap paint (aka red ink) in the original structure to keep the capital cost down, a cost which could only be written off over 15 years or so, and spend a fortune on operations-disrupting sandblasting and repainting every couple of years - maintenance costs could be written off every year.

In collaboration with a taxation accountant who would probably know more about local and international taxation than anyone in the country, Derek Smith, we developed a tax system which could revolutionise the economy of this country. A simple 2 cents in the dollar tax on spending in the exchange of ownership of goods, services, property and labour could replace 9 major taxes (Personal and Company Income Tax, GST, Payroll tax, Fringe Benefits tax, Capital Gains tax, Withholding tax, Provisional tax and Superannuation tax). With the help of the NSW Small Business Association, we privately funded and directed an unequalled computer model through QUT-based Unisearch, which dissected the Australian economy tax by tax, industry by industry, state by state. These figures were summarised in my book *Your Future in Your Hands* <<http://www.copyright.net.au/details.php?id=28>>. Nobody has challenged nor disproved these figures. This would eliminate the constraints of the financial year on trading which would be done when the market required, not when taxation was a major consideration. We could have an ASX

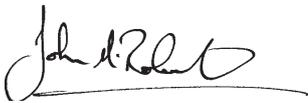
agency beside every TAB in every hotel in the country, where people could back a company as easily as they could back a horse, The horse race is over when the finishing post is passed, the company race is over when the shares are sold.

My first book *A Diet of 2%* <<http://www.copyright.net.au/details.php?id=27>> contained the details of the cost of production and exchange of a loaf of bread, half of that cost is taxation. Nobody over the past 30 years has found an error in these figures nor in the logic. We can fund government in a more productive way than using the current ramshackle pile of punitive and demotivating taxes.

Our two major Senate submissions have been buried in the imponderable depths of the Canberra citadel. The latest of these was Number 56 in April 2003 as recorded in Hansard.

Can you please consider this as a way out of the economic swamps?

Cheers

A handwritten signature in black ink, appearing to read 'John McRobert', with a horizontal line underneath.

John McRobert