

To Joe Hockey,

Here is my submission regarding the current tax review, despite the fact that I think that this review is just as ingenuous as was the LNP's call for submissions to a 30 year plan for Queensland.

Tax Review Submission

In response to the federal government's the Federal Government's call for Australians to get involved in reforms to the tax system (by 31/5/2015).

- 1) Governments do not have an unfettered right to tax
- 2) Deceptive to call Australia a low tax country by simply looking a income tax.
- 3) Ridiculous to consider tax revenue in isolation from wasteful tax expenditure
- 4) Double, triple etc taxation
- 5) Need to consider combined effect of federal, state and local government tax
- 6) Multiple progressive tax regimes are immoral
- 7) Tax policies have negative effect on Australian industry – the more one spends the more one is taxed
- 8) Likelihood of retirees moving overseas

(1) Governments do not have an unfettered right to tax

No level of Australian government, no matter what political persuasion, has an unfettered right to tax and it is just a matter of time before there is at least a constitutional challenge to the constant tax increases at every level of government in Australia. The basis of that challenge is outlined in Appendix 1 to this submission.

(2) Deceptive to call Australia a low tax country by simply looking a income tax

At least one advertisement inviting submissions to the inquiry on tax states that Australians face over 100 taxes yet when it suits this government it claims, by alluding to income tax only, that Australia is a low tax country. That is dishonest.

(3) Ridiculous to consider tax revenue in isolation from wasteful tax expenditure

This is so for two categories of reason. (a) there is a moral obligation for government to be run as efficiently as possible. (b) it is counter productive to excessively tax those who work for a living, so that government can give benefits to the social parasites. Australian governments are constantly looking for ways to increase tax revenue. Government justifies this by reference to expenditure "needs", so it is only fair to start any tax review by also looking at expenditure waste. Any need for tax increases would be far less if government first took serious steps to reduce the massive waste in its expenditure. Appendix 2 contains just some ways in which Australian governments could reduce waste and hence the need to constantly keep increasing the tax grab.

(4) Double, triple etc taxation

Australia does not accept double taxation. This was evidenced by the introduction of the dividend franking system. Despite that, double, triple and possibly worse taxation still occurs. If we are to be consistent, then this should be eliminated. How does double, triple

etc taxation occur? Income is taxed. When some of that income is spent, it is taxed again eg GST, stamp duty, excise duty, and a raft of other taxes. Home insurance is just one good example. On top of the premiums levied by the insurer (for substandard Australian insurance), the householder must pay state stamp duty and GST, thus increasing the cost by about 20%.

(5) Need to consider combined effect of federal, state and local government tax

Local government in Queensland (and probably in other states as well) seek to increase their revenue in various ways, including excessively high charges for development applications (There is a range of these.) This adds tens of thousands of dollars to the cost of a new home/unit, thus making them unaffordable by many (young) people. On top of that, investors in Queensland are charged TRIPLE the stamp duty when buying real estate (as well as hideous title registration fees). As a consequence there is a housing shortage, thus increasing the demand for public housing. That in turn increases the pressure for higher taxes. Thus government tax grab is creating pressure for yet more tax increases. Government must be efficient to minimize such pressures.

(6) Multiple progressive tax regimes are immoral

It is not only income tax laws that impose progressive taxation. Whilst some claim that GST is a regressive tax, it is in fact progressive because higher income earners spend more than low income earners and therefore pay more tax. Similarly local governments impose rates based on the value of one's property. Thus a person living (alone) in a good suburb is forced to pay higher rates than a bludging polygamist living in a lesser suburb with four wives and innumerable children, or just a pair of irresponsible idiots with 16 children (eg. in Toowoomba). Who uses more government services (subsidized housing, dole payments, schools, hospitals, social workers etc.) – the person living alone in a good suburb or the rabbits living in a lesser suburb? That approach to taxation is immoral.

(7) Tax policies have negative effect on Australian industry – the more one spends the more one is taxed

By imposing more indirect tax, governments are pushing up prices. As a result consumers can afford to buy less, domestic production falls (supermarkets are a good example), employment falls and the pressure for increased taxes to pay welfare increases. Similarly if Australian holidays are more expensive as a result of taxes, then there will be fewer foreign tourists and more Australians will holiday overseas eg Bali.

(8) Likelihood of retirees moving overseas

For the above reasons, it is likely that more Australians will collect their nest eggs and move overseas to live cheaper. There is even a person (maybe more) with a web site advising senior Australians on how to do this. (escapologist@escapologist.com.au).

Conclusion

Thus, as a first step, tax expenditure must be minimized before any tax increases are considered. However, the problem will never be ultimately solved until our extant form of democracy is refined so that any person receiving any form of welfare forfeits the right to vote at the next election. This is necessary because at present our elected prostitutes hand out taxpayer money in order to buy the votes of bludgers who have the time press for more

handouts, while those actually working for a living are too busy to protest about the level of tax they are forced to pay.

Appendix 1

Australian Governments Do Not Have Unfettered Power

(19/8/2010)

While it is inevitable that not every Australian will agree with every decision of governments in this country, it seems that there is an unusually high discontent at present, at both the federal and state level eg. Immigration and the handing of the flood of boat people by the federal government, and sale of public assets in Queensland. Sometimes government appears to take the attitude that it has unfettered power to make decisions once elected, and discontented electors feel they have no power between ballot boxes. This article examines whether that is so.

The power of governments is set out in their relevant constitutions. Government is not permitted to make laws beyond its constitutional powers, and if it does so, then the law will be struck down through the courts. There is no shortage of Australian cases where this has happened, and some of the battles have been between the federal government and the state governments. Since each Australian state was originally set up as a colony of Great Britain, it has its own constitution, and the federal government got its own constitution when the Commonwealth of Australia was set up in 1901.

The reason that governments may tend to think they have unfettered power lies in the broad wording of key sections of the relevant constitutions. For example, in the Commonwealth of Australia Constitution 1901, s.51 states

51 Legislative powers of the Parliament [see Notes 10 and 11]

The Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth

The Queensland Constitution 1867 states (s.2)

Legislative Assembly constituted

Within the said Colony of Queensland Her Majesty shall have power by and with the advice and consent of the said Assembly to make laws for the peace welfare and good government of the colony in all cases whatsoever.

Clearly these clauses (which emanated from the British parliament) are very similar, as are the powers of the two parliaments (subject to the exclusivity of certain powers ceded to the Commonwealth by the states). The other states will have very similar constitutions because they came from the same source. The broad expression “good government” is the basis on which some governments may feel they have unfettered power to make “unpopular” decisions, but the key question is “What is good government”?

The courts would tell us that the answer to this question must be made **objectively**. This means that it is not what individual governments think is good government, but what the **reasonable person** would believe is good government. Does that mean in (controversial) decisions regarding new laws, that every government must consult a jury (or similar)? At the other end of the continuum, does it mean that if a government has been elected by a

majority of the population (or at least majority of electorates), that it has a mandate to pass whatever legislation it wants to pass in the name of good government? How does democracy work?

If there is public outrage about (impending) legislation or government decisions, and internet polls conducted by the media (with controls against repeat voting) show opposition to the government position, then prima facie, the legislation does not constitute “good government”, because a **public** poll would represent the views of the **reasonable person**. No doubt, the academics would say that internet polls are not credible for numerous reasons, but the point is that a strong poll against (impending) legislation (or the application of legislation) is prima facie evidence that it is contrary to the wishes of the people living in the democracy, and so if passed, **would not be good government**, and therefore is not valid legislation. Hence government should not proceed with the decision, or should at least conduct a “scientific” survey of the relevant population in order to ensure that what they are doing/proposing to do, is lawful.

Appendix 2

Some reductions in government waste and the “need” for more taxation

No mandate to waste, give money away, or increase taxes (8/8/2012)

On the one hand our governments keep dreaming up new ways to tax us more and more, and on the other hand the federal government gives away AND wastes billions of taxpayers dollars a year, possibly in part in its quest for a seat on the UN security council, or alternatively at the behest of the UN who sets “quotas” for foreign aid by its members. Who cares about being on the security council? Isn’t this just a way of giving USA another vote? This objective seems pointless while countries like China and Russia have and exercise veto powers eg over the situation in Syria. No federal government has ever had a mandate for giving taxpayers’ money away or for wasting money whilst basic services in Australia are so badly in need of improvement. Charity should be on a voluntary basis, so let those who want to donate (via a government managed fund) do so, but take this into account when they put out their hands for old age pensions and other benefits. Here are some ways in which the federal government is wasting billions of dollars

- (1) foreign aid
- (2) not having an effective work for the dole system
- (3) accepting refugees
- (4) paying pensions to foreigners who come for five minutes, take an meaningless oath, and return home to live on an Australian pension
- (5) people in the above category except that they leave the family here to live on welfare while they go back to fight in their country’s conflicts, possibly against real Australian soldiers
- (6) “employing” people of a particular ethnic minority who really achieve nothing
- (7) squandering money on olympic competitors and other sports people
- (8) Paying for pointless “research” in universities
- (9) having a governor general and state governors
- (10) holding regional cabinet meetings
- (11) giving (sic) public servants annual remuneration in excess of \$250,000.

The situation is exacerbated by residential tenancy laws which ensure that lessors lose money if they have a delinquent tenant.

The reasonable person test of objectivity is a very long-established, and fundamental principle in our legal system.