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1. Executive Summary
   1. Introduction

There is no doubt that the Australian economy continues to face significant headwinds into the future. What is of continuing concern are the consequences of poor policy decisions and privatisations going back several decades that have failed to deliver competitive advantage and instead delivered excessive prices increases well above the Reserve Bank of Australia (RBA) inflation rate and poorer service. The quality of life for many Australians continues to get worse. Many of these issues are well known and just a few have been listed:

* Electrical power prices [12], system governance, security and reliability,
* High energy prices for gas, petrol and diesel [15][14],
* High prices for goods imported into Australia [3][18],
* Health system skewed to benefit publicly subsidised private patients while public patients are discriminated against and made to wait years for corrective surgery,
* A children’s education system that fails to improve against its international peers,
* Unaffordable housing prices and over-priced banking system,
* An overpriced higher education system,
* Salary costs of politicians and public sector executives are over-priced and not competitive compared to the Unites States [8], [9] & [10] particularly when compared to scale of responsibility. The population of the United States is approximately 13.8 times the size of Australia. It is also important to note that the median gross household income of the US [21] vs Australia [20] are very similar. However when it comes to comparing the salary of the Chief Justice of US Supreme Court [8]US$255,000 [8] vs Chief Justice of the High Court $486,000 [22] they are clearly poles apart and public sector executive salary costs in Australia are uncompetitive, and
* The immigration visa system is out of control [13].

As a senior Australian, one cannot help to continue to feel the country is being operated to benefit the global economy and not ordinary Australians.

An example of this is allowing gas export contracts to be signed without ensuring the security of Australian gas at a price that gives Australia an on-going competitive advantage [7]. Gas Exporters need to be told the security of domestic gas supplies comes first before gas can be exported. Any shortfalls of gas for export must be met by exporters securing gas from overseas suppliers.

It amazes me that exporters are happy to profit from Australian resources and have forgotten their fortunes depends upon the generosity of Australians. They need to take steps to ensure Australians are not disadvantaged before global winds of change illustrated by Brexit and the election of Donald Trump as President of the United States take hold in Australia.

On Energy we need to look no further for policy directions than the United States. To quote the [International Energy Agency in its United States 2014 Energy Review](https://www.iea.org/countries/membercountries/unitedstates/):

*“Since the last IEA review of the United States was published in 2008, the country’s energy policy landscape has fundamentally changed. In many aspects there have been significant improvements, and the country is in a strong position to deliver a reliable, affordable and environmentally sustainable energy system.”*

There is a continued reliance upon free trade agreements as economic panacea when in reality they are just another form of colonisation.

There is also the reality that Australia has not yet emerged from its colonial past and transformed itself into an independent and confident sovereign country. Sovereign countries need to be able to make strategic decisions to ensure it is able to provide for itself in the event of a significant regional security event or world war. Australia needs to not only produce food but also be able to research, design, develop and manufacture the goods and services it needs.

Both American and Japanese automotive companies have failed to partner Australia to develop a sustainable Motor Vehicle Manufacturing Industry as demonstrated by the impending departure of Ford, Holden & Toyota from Australia despite significant government support over many decades.

It is inconsolable that the Australia Government is walking away from motor vehicle manufacturing without fully answering why? Some examples:

1. What was uncompetitive; cost, quality and /or productivity?
2. Was it because of a lack of sovereign controlling interest?
3. Was it because of failure of our education system?
4. Was it because car companies failed to pass on contractually required cost savings achieved by Australian component suppliers?
5. Was it because of over-charging of components, goods and services supplied by overseas subsidiaries?
6. What vehicles should Australia be manufacturing?
7. What are the real costs and margins of research, design, development, manufacture, distribution & retail of motor vehicles in Australia vs comparable oversea countries?
8. Why did government policy fail to develop and create a sustainable motor vehicle manufacturing industry?

There is no doubt in my mind the behaviour of China in the South China Seas continues to represents a significant risk to the long-term security of this part of the world. What do you think would happen if a war in the region occurred that impacted the ability of the countries in the region to supply Australia with manufactured goods and services? They would no longer be available and Australia would be left to fend for itself.

Australia adopted America because Britain abandoned Australia during World War II with the fall of Singapore. Just as Britain acted in its own best interests and capability at the time, so would Japan and for that matter the United States. Australia needs to factor these worst case security scenarios into formulating strategic policy and not allow free trade policies to undermine the sovereign security interests and competitive position of Australia.

* 1. Australia Needs a New Deal

For decades successive Australian governments, their politicians and bureaucrats have worked to maximise the handover of public enterprise to the global private sector. This has included countries that use sovereign companies owned by the state to extend the reach of their global economic interests for their benefit. This is a form of quasi-colonisation.

The result has been that in almost all areas where there has occurred, costs & risks to the economy, society and environment have only increased. Total debt is at record levels and the competitive position of Australia has been trashed as evidenced by Australian governments surrendering our automotive industry to foreign interests without a whimper as only a colony would.

Every South Australian knows that the privatisation of electricity in 1999 resulted in power costs that have risen well above inflation and this has significantly affected the State’s competitive position (Appendix E SA Electricity Cost Comparison Public vs. Private 1985-2014).

South Australia’s energy prices are representative of Australia’s energy prices and the gap that exists between United States average retail prices per unit of electricity (KWh) is extraordinary (Appendix F United States Electricity Average Retail Prices 1990-2009).

The Total Nominal Average Retail Price in 2009 was 9.89 vs. 6.57 in 1990 (US$ cents per kilowatt-hour). Exchange rates do not explain the difference. This substantial gap between Australia and the United States on energy prices represents a significant loss of competitive position since the mid-eighties. This loss of competitive position should be of critical concern to the Government and warrants a Royal Commission. It needs to be remembered that Sir Thomas Playford Liberal Premier of South Australia held a Royal Commission in March 1945 to nationalise private electricity companies [16] to ensure the provision of low cost and reliable power for all South Australians. It can be done and it needs to be done again.

The purpose of Governments is to facilitate, nurture and support the ongoing development of a competitive economy, a fair and equitable society without discrimination of the means of families. These need to be done concurrently with full respect for the environment as the foundation of life.

* Education must be restored to being recognised as a strategic public investment – it is not an industry. Cost should not be a barrier of entry to any Australian who has aspirations to advance themselves throughout their life. No student who is yet to earn a taxable income should be burdened with debt from gaining an education that benefits society, economy and environment.
* Health is a public investment and again it is imperative for both a functioning economy and society for any person who has the ill-fortune to require medical treatment, to be restored to their inherent capability as quickly as possible. This is a major factor to maintain productive capacity and is particularly important for a nation with an ageing population. Public patients are being routinely discriminated against vs. private patients and are placed on long public waiting lists that are in the years. This is plainly dumb public policy and warrants a Royal Commission. The public system should not have to rely upon private surgeons for servicing public patients but its own resources. High quality, on-time service at low cost must become the goal. It is also time for Human Bill of Rights to be established.
* It is time the pay and retirement incomes of politicians and public sector executives be based upon the pay and retirement incomes of ordinary Australians and be affordable. There is only one economic pie to draw from and it is the total cost to the economy that matters and not just what tax payers incur. My recommendation is for the maximum income of politicians and public sector executives to be no greater than three times the median disposable household income. The Prime Minister receives the top income and everybody else is below that income. When a person retires we all become equals. No retirement income should be based on what was earnt prior to retirement. The maximum public sector retirement income for public servant executives should be no more than three times the full single person public pension of the people they once served.
* Over a number of decades, significant reductions in responsibility and authority of Government executives (politicians and bureaucrats) have occurred at all levels of government. These reductions resulted from privatisation, outsourcing to the private sector, the creation of independent regulatory authorities and boards to name a few. These reductions in responsibility and authority must be accounted for and reflected in their pay and conditions. A “Commission for Diminished Public Responsibility” must be established to address this issue and adjust salaries accordingly.
* The way property prices are determined for taxation purposes by state governments is unfair and unfairly burdens long term property owners. It is wrong to assume that recent property sale prices reflect the current value of all real estate because only a very small portion of real estate is on the market at any one time. If all property was on the market, current prices would collapse. A fairer system would be to base any Federal, State or Local Government taxes on a price determined using the Reserve Bank of Australia Inflation calculator and the most recent sale price of the property [19]. Not only would those who are buying and selling property pay higher taxes but governments would be better shielded from any collapse in the property market.
  1. SA Government Recent Initiatives – Sign of Desperation?

The impetus for the 2015 State Tax Review by the SA Wetherill Labour Government was the result of the Abbott Liberal Government’s intention to significantly reduce public hospital and public education funding. Quite predictable it has deliberately forced willing state governments into knee jerk reactions such as:

* Selling public assets and leasing them back from the private sector – this will lead to short gain and long term pain from the constant drain of leasing costs on cash flow.
* Private sector replacement of public infrastructure such as roads, power, water, health and education. Every South Australian knows that the privatisation of ETSA by the Olsen Liberal Government has been an economic disaster for the state. To continue with the privatisation agenda for economic short-term economic gain is a strategic mistake.
* Agree to raise the GST to 15% and increasing its reach is foolhardy in the extreme. As demonstrated by Appendix E SA Electricity Cost Comparison Public vs. Private 1985-2014, SA power is significantly over-priced and GST has been a willing and greedy partner to South Australia’s loss of global competitiveness. When GST is applied to goods and services that cost more than their competitors the GST turns into a tariff and enhances the cost competitiveness of all goods and services that are cheaper.
* Holding what I call misadventure initiatives such as the Royal Commission into “Our role in Nuclear Energy”.

I am not aware of any intentions by the Commonwealth or State to reduce private health and private education spending when in reality these should be the first areas to be reduced if there is a revenue crisis. As mentioned before, what matters is total cost to the economy and not just the cost to taxpayers. Public subsidies should immediately be withdrawn from any private entity who over-charge for their services to the community in both the private health and private education sectors.

Public education and public health costs should not be dependent upon a GST. If I correctly recall, every time a major public assets was sold it was always on the premise that it was to help fund public infrastructure such as education, health and roads. The Howard Liberal government established the Future Fund to pay for public sector retirement incomes using substantial public assets that it simply helped itself to. This was never agreed to by the Australian public by referendum. These assets must be returned and used for the public common good.

The Abbott and now Turnbull Government continues to be a major disappointment for its lack of vision of growing Australian manufacturing to be globally competitive and a strategic part of Australia’s economy. To make matters worse it has failed to find out the root causes of why the automotive manufacturing industry is not competitive and work out what needs to be done to achieve and sustain global competitiveness.

* + 1. Proposed Nuclear Waste Industry

The SA Government is planning to create an entirely new nuclear waste industry without properly understanding and correcting the root causes of the economic and governance failures of the past. A Nuclear Industry has inherent political, environmental and economic & safety risks if any proposal comes to fruition. The Government is failing to address substantive failures of the immediate past which are critical to fully understand if we are to successfully moving forward. Two key areas are the economic failure of the privatisation of ETSA and the economic failure of the Automotive Industry.

Any proposed Nuclear Industry will require higher standards of safety, competence, capability, competitiveness and quality from Government, Institutions, Universities, Industry and from all people who are going to resource and regulate the industry.

The establishment of a Nuclear Industry is no silver bullet and considerable time, measured in decades, will be require to develop and establish industries beyond mining from scratch. It makes more sense to work out the root causes of the Automotive Industry failure and move forward again, given the already established capability and knowledge. A properly conducted and resourced Royal Commission would find the real problems are not insurmountable and the myth that it can’t be made in Australia, is just that a myth.

The Nuclear Fuel Cycle Royal Commission Terms of Reference are narrow and give no respect to the State’s precious marine environmental heritage, and in particularly Gulf of St Vincent and Spencers Gulf. These Gulfs is where much of the population of SA is located and presumably most of the economic development of the Nuclear Industry would take place.

Also not addressed is a requirement to identify the global failures of the nuclear industry, their root causes and what the Government proposes to do to prevent recurrence. This also applies to properly determining the risks that are yet to occur. The potential for catastrophic failures must be a principle activity of this Royal Commission as our very fabric of life as we know will depend upon the safety and environmental risks associated with the Nuclear Industry.

Climate change pales into insignificance if we can no longer use a substantial area of the state if it were to become contaminated with nuclear waste. This has already happened at Maralinga in South Australia and should not be allowed to happen again. To ignore the Fukushima nuclear disaster will be at our peril.

Lastly there is no requirements to determine likely locations of the “feasible” industries and the timelines they would require, their requirements for resources such as water and energy, potential environmental impacts, likely costs involved and preferred governance structures. It would be foolish to believe we can trust the “private sector” in all areas of a Nuclear Industry.

1. Budget Recommendations
   1. Made in Australia

It has become critical to understand precisely what is going on in the Australian economy in the context of the global economy. Political and economic ideology needs to be put aside if Australia is to be honest with itself, identify the mistakes of the past and determine the strategic issues that must be identified and solved if we are to move forward as a country.

Australia’s cost competitiveness must be restored for all resources and goods used by Australia’s economy and society, and secured for the long term. Any international treaty or agreement that is working against Australia’s best interests must be renegotiated or stepped away from just as Donald Trump, the incoming President of the United States, is planning to do.

It is also time to make greater use of our raw materials to produce goods and services of greater value. The Government needs to secure our future by locking in low domestic commodity prices and ensuring these costs flow into lower prices.

Replacing imported goods and services with Australian goods & services represents a substantial economic opportunity. All it requires it a walk down supermarket & hardware warehouses aisles and identify any product areas where imported goods make up more than 20% of the shelf space. The objective should be to achieve a market share for Australian products of at least 50% and preferably 80%.

We should not be walking away from an automotive manufacturing industry without fully understanding the root causes for the failure to sustain this industry in Australia and what the opportunities are for the future.

1. The budget needs to provide funding for a “Made In America” Appendix C and “Made in Japan” Appendix D style of independent inquiry(s) “Made In Australia”. This needs to involve Australia’s best academics and for them to be independent from the influence of political & industry vested interests. These academics need to be drawn from across the University sector with a scope suited to Australia’s needs and have the freedom to leave no stone unturned.
2. Initiate a Royal Commission into the Australian Automotive Industry to determine the root causes associated with failure of the Automotive Manufacturing Industry to be globally competitive and determine whether in fact shutting it down would be a strategic & sovereign risk to our security as discussed earlier. All angles need to be investigated including governance, costs & prices, industry assistance, importation, research and development, manufacture, distribution, wholesale, retailing and support (Appendix A & B).

Substantial price inflation of motor vehicles occurred when the Australian dollar was floated. The 1985 Button Car Plan was designed to make the automotive manufacturing industry more efficient. Quality was improved and costs were reduced. Instead of passing on cost savings, the motor vehicle manufacturers increased prices of Australian made vehicles in-line with the rapid inflation of fully imported vehicles. This was to establish the market for their fully imported vehicles. They couldn’t stand by and allow Australian manufactured vehicles to become more competitive and cheaper than their overseas manufactured vehicles could they? The Australian Government on their part didn’t ensure cost savings from the Button Car Plan resulted in lower prices to the Australian economy and society.

The introduction of the GST in 2000 by the Howard Government further compounded competitiveness as the GST acts as a tariff on the price difference between any comparison products that are higher priced than a competitor. Australian manufactured vehicles became too expensive in the market place for families and also the wrong vehicles. Australian motor vehicle manufacturing should have responded to the market and produced commercial vehicles such as vans, utes and people movers.

1. Initiate a Royal Commission into the sustainability and global cost competiveness of Australia’s power infrastructure and resources as a viable partner of society, economy and environment. Specific areas to be addressed are suggested as follows:
   1. Investigate and report on the performance measures established by the disaggregated state owned entities vs the achievements of individual privatised entities including debt, tax and internal costs of production and service (Example Appendix E.2 SA ETSA Utilities 1998-99 Results Summary),
   2. Determine whether the energy policies of Australia are appropriate to ensure energy costs are globally competitive for the benefit of all Australians,
   3. Determine the impact of the privatisation on government revenue, industry, community and business cost and viability,
   4. Determine the impact on competiveness vs. comparable competing economies, such as the United States where real prices have decreased (Appendix F United States Electricity Average Retail Prices 1990-2009), and
   5. Determine the political, economic, legal & communications root causes of how privatisation was achieved and allowed to continue when it began to fail without fundamental corrective action, and propose solutions to address the root causes.
2. It is imperative that the taxation system becomes fully transparent and all Local, State and Commonwealth taxes (direct and indirect) and charges passed onto taxpayers are accounted for when annual tax returns are made to the Australian Taxation Office. Put simply if State and Local Governments are required to collect more tax, then the Commonwealth can expect to collect less. Upper and lower limits of total tax (direct and indirect) that can or must be paid be established for all categories of tax payers to protect the revenue base. This needs to be done so that Australians who spend the majority of their earnings and savings in Australia are not penalised by an excessive tax burden on behalf of those who tax minimise and /or spend their earnings and savings off-shore.
3. I have been very surprised that much of the content of my submissions to firstly the Industry Commission inquiring into the Automotive Industry in 1997 and then Treasury’s Review of Business Taxation in 1999 continue to be relevant. Accordingly, the Executive Summaries and Conclusions have been reproduced from these submissions as Appendix A (Treasury GST Submission 1999 – & Appendix B (Industry Commission Auto Submission 1997 - Extracts) and form a part of this submission. My views regarding raising or expanding the GST remain the same, it would be a foolish in the extreme. Australia should be moving to remove the GST and enhance our competitive position instead of cutting company taxes.
4. It is also time for Australia to reform its Royal Commission Act. I fully concur with the findings of the Australian Law Reform Commission 2010 inquiry which is yet to be implemented. All significant failures of industries and businesses, as determined by the Minister, need to be investigated to understand root cause and what needs to be done in the future to prevent the likelihood of future failures. Such Ministerial inquiries have the potential for Australia to learn from its mistakes and enhance our competitive position in the long term.
5. The Productivity Commission needs to be refocussed and renamed the Quality, Productivity and Competitive Position Commission. It will not be credible unless it acts on behalf of all Australians. It needs to inquire about matters of quality, productivity and competitive position for the common good. It needs the power to inquire into over-pricing of products and services on a global basis and determine whether Free Trade Agreements are in our best interests.
6. Media Reform must be undertaken with the following objectives:
   1. Enhance media diversity and quality, grow local production and reduce the concentration of media power [17].
   2. Costs to the public must be reduced by passing laws that respect the rights of the Australian public to all sport involving Australians. Any sporting body that has relied upon public funding of any kind must be required to ensure all domestic and international events are accessible by a public free to air media service concurrently with provision by a private subscription channel.
   3. Each type of media service need to be regarded as independent markets that can’t contractually control or excluded one another from rights to the same media in their respective markets. For example Free-To-Air Television is but one type of media market, while subscription TV is another. This proposal will enhance competition between media services and reduce costs to the public and economy.
   4. The ownership of printing presses needs to be separated from media publishers so no one publisher can control a geographic area of Australia. This reform for example would provide Fairfax Media or any other media organisation the ability to print newspapers in direct competition with News Corporation.
7. There are substantial numbers of foreign workers operating in Australia [13]. It is wrong for the social security costs of displaced Australian workers to be the sole responsibility of taxpayers. An inquiry needs to be held to determine the full financial impact of foreign workers operating in Australia and whether costs are being fairly recovered by all levels of government under existing taxation arrangements. If they are not then an Australian Employee Displacement Levy needs to be put in place for all businesses that use foreign employees in Australia to ensure the welfare burden is proportionally higher for employers who use foreign workers.

* 1. References

Table 1. Documents

|  | Identification | Issue | Title |
| --- | --- | --- | --- |
|  | ISBN: 9780262100601 | April 1998 | Made in Japan Revitalizing Japanese Manufacturing for Economic Growth Japan Commission.  <http://mitpress.mit.edu/books/made-japan>  Winner of the Shingo Research and Professional Publication Prize for 1999. |
|  | ISBN: 9780262041003 | 1989 | Made in America  Regaining the Productive Edge, MIT Press  <http://mitpress.mit.edu/books/made-america> |
|  | RBT9901  (Submission 233 to Treasury) | 16 April 1999 | Australian Wage & Salary Earners  Overtaxed and Overpriced Submission 233  Submissions to A Platform for Consultation (Discussion paper 2 - building on 'A Strong Foundation') <https://rbt.treasury.gov.au/submissions/platformConsultation.htm#Platform>  <https://rbt.treasury.gov.au/submissions/PlatformForConsultation/html/sub233.htm> |
|  | Table 947 | 2012 | U.S. Census Bureau, Statistical Abstract of the United States: 2012 page 595  Table 947. Electricity—End Use and Average Retail Prices: 1990 to 2009 |
|  |  | 1999 | ETSA Utilities Annual Report |
|  |  | 2010 | Australian Law Reform Commission 2010 inquiry  <http://www.alrc.gov.au/inquiries/royal-commissions-and-official-inquiries> |
|  |  | 30/7/16 | Australian Financial Review John Kehoe  Australia shows US how not to export gas  “James contended that had Australian legislators six or seven years ago anticipated the position we are now facing, they would have acted with more prudence before allowing exports greater than the amount of gas to be brought on-steam, which has created gas shortages and price spikes" (The chief executive of Incitec Pivot, James Fazzino) |
|  |  | 2015 | Salaries of the President, Vice President, and Other U.S. Officials  The salaries listed below are annual as of 2015. The president most recently received a raise in 2001.  President US$400K, Senator US$174K, Chief Justice US Supreme Court US$255K.  <http://www.infoplease.com/ipa/A0875856.html> |
|  |  | 2016 | **Highest paid White House staffers make US$176,00**  Sixteen staffers at the White House pulled in the maximum yearly salary of US$176,461, according to a new report.  The White House each year is required to tell Congress how much everyone in the building earned in income, and the Obama administration has posted these reports on their website.  <http://edition.cnn.com/2016/07/05/politics/white-house-salary-report/>  <https://www.whitehouse.gov/21stcenturygov/tools/salaries> |
|  |  | Jan 2017 | **Pay & Leave, Salaries & Wages, Salary Table No. 2017-EX**  Rates of Basic Pay for the Executive Schedule (EX)  Level 1 $207K, Level 11 US$187K, Level 111 US$172K, Level 1V US$162K, Level V US$152K.  <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/17Tables/exec/html/EX.aspx> |
|  |  | 6/6/16 | ABC News: Fact check: Are there 'over a million 457s' in Australia?  “Department of Immigration statistics show that the number of people who have been granted 457 visas (primary and secondary) which would still be valid as at the date of the last publicly available information — March 31, 2016 — was 415,103.”  <http://www.abc.net.au/news/2016-06-02/fact-check-are-there-over-a-million-457s-out-there/7463706> |
|  |  | 16/12/16 | The Conservation: FactCheck: Are Australians paying twice as much for electricity as Americans?  “If we compare Australian and American electricity prices using market exchange rates, Craig Kelly’s comment is correct: Australia’s electricity prices were essentially double those of the United States as recently as 2014.  <http://theconversation.com/factcheck-are-australians-paying-twice-as-much-for-electricity-as-americans-69980> |
|  |  | 17/10/16 | The Conservation FactCheck Q&A: what are the real numbers on refugees and other migrants coming to Australia?  “For any given year, the total of permanent and temporary visa holders in Australia at any given time may be higher or lower than 800,000.”  <http://theconversation.com/factcheck-qanda-what-are-the-real-numbers-on-refugees-and-other-migrants-coming-to-australia-66912> |
|  |  | 17/1/17 | US Energy Information Administration: Gasoline and Diesel Fuel Update. (1 US Gallon = 3.78541 litres)  “US Regular Gasoline Prices per litre = US$0.6279 and US On-Highway Diesel Fuel Prices = US$0.6779” Taxes represent 21% of the price.  <http://www.eia.gov/petroleum/gasdiesel/> |
|  |  | Dec 16 | US Energy Information Administration: US Propane Residential Prices. (1 US Gallon = 0.529 kg). A typical 8.5 kg LPG Bottle used for barbecues in Australia = 4.497 US Gallons of Propane.  “One US gallon of propane cost US$2.169  <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=M_EPLLPA_PRS_NUS_DPG&f=M> |
|  |  |  | Wikipedia: Thomas Playford IV  “Sir Thomas Playford GCMG (5 July 1896 – 16 June 1981) was a South Australian politician. He served continuously as Premier of South Australia and leader of the Liberal and Country League from 5 November 1938 to 10 March 1965.”  “A Royal Commission in March 1945 was appointed to ascertain a solution between the two parties, and presented its report in August with a recommendation that the AESC be nationalised.”  <https://en.wikipedia.org/wiki/Thomas_Playford_IV> |
|  |  | 12/12/16 | The Conversation FactCheck: is Australia’s level of media ownership concentration one of the highest in the world?  “Michelle Rowland was correct. A number of reputable sources show that the concentration of media ownership in Australia is one of the highest in the world. – Tim Dwyer.”  <http://theconversation.com/factcheck-is-australias-level-of-media-ownership-concentration-one-of-the-highest-in-the-world-68437> |
|  |  | 18/1/17 | Clax Trolley Green Edition Made in Germany – Retail Price Comparison.  **Clax Germany**  179.95 Euro including 20% VAT i.e. 149.95 excluding VAT. Using the exchange rate of 1 Euro = 1.41 A$, the VAT exclusive price = A$211.43.  <http://www.clax.de/shop/clax-trolley-3/>  **Clax Cart Officeworks**  $399.00 including 10% GST i.e. $362.73  <http://www.officeworks.com.au/shop/officeworks/p/clax-cart-le9321021>  The Clax Trolley is 1.72 times more expensive in Australia. |
|  |  | 18/1/17 | Reserve Bank of Australia Inflation Calculator  <http://www.rba.gov.au/calculator/> |
|  |  |  | Median household income in Australia and New Zealand  “The latest release shows that the median gross household income in 2013-14 was $80,704, and the average of all households was $107,276.”  <https://en.wikipedia.org/wiki/Median_household_income_in_Australia_and_New_Zealand> |
|  |  |  | Gross Median Household income in the United States – Real Median Level  “According to the CBO (Congressional Budget Office), between 1979 and 2011, gross median household income, adjusted for inflation, rose from $59,400 to $75,200, or 26.5%.”  <https://en.wikipedia.org/wiki/Household_income_in_the_United_States> |
|  |  |  | Chief Justice of Australia  “Salary $486,00” – this is six times the gross median income of Australian households in 2013-14  <https://en.wikipedia.org/wiki/Chief_Justice_of_Australia> |

Table 2. Acronyms & Definitions

| Term | Description |
| --- | --- |
| AGT | Australian Government Treasury |
| Auto | Automotive |
| Brexit | The United Kingdom's withdrawal from the European Union is widely known as Brexit <https://en.wikipedia.org/wiki/Brexit> |
| ETSA | Electricity Trust of South Australia |
| GST | Goods & Services Tax |
| GWh | Gigawatts per hour |
| IEA | International Energy Agency |
| KWh | Kilowatts per hour |
| RBA | Reserve Bank of Australia |
| SA | South Australia |
| SUB | Submission |
| US | United States of America |

1. Treasury GST Submission 1999 – Extracts

Executive Summary and Conclusions from the submission “Australian Wage & Salary Earners Overtaxed & Overpriced” prepared for the Review of Business Taxation by John E. Caldecott, 16 April 1999.

* 1. Executive Summary

As evidenced by the attached annexes, the submissions I prepared for the 1996/97 Automotive Industry Commission are directly relevant to this Review of Business Taxation as they highlight the gross inequity and unfairness of the current taxation system for the majority of wage and salary earners. It is clear from A Platform for Consultation, Discussion Paper 2 Volume 1, that despite paying the most taxes of any business entity, wage and salary earners are not part of this Review of Business Taxation when they should be. The changes proposed by A New Tax System do not plan to provide full transparency of the total direct and indirect tax paid by this category of business entities simply characterised by a Tax File Number. This category includes tertiary students, wage and salary earners and retirees. Tertiary students are taxed before they start to earn a living, wage and salary earners are taxed when they earn, invest and spend a practice that continues when they retire.

Nobody disputes the notion of paying a fair share of the tax burden, but as this submission together with its annexes demonstrates, enough is enough. The business entities that pay the least amount of tax have the ear of government and the media through their powerful lobby groups, whilst the voice of the wage and salary earners is under represented. It is up to the minor parties of the Senate to ensure that this latter group is not disadvantaged by tax reform. Both major political parties are responsible for the current economic debacle that this country is in and I will not be surprised if another major party does not surface in the next ten years to replace one, if not parts of both, major political parties. As time goes on, as the recent NSW election result demonstrates, more and more Australians are realising that they have been duped by the economic reforms implemented by governments of the last two decades.

As the analysis of the automotive industry (Annex B, C & D) demonstrates, governments and business together have displayed an amazing degree of commercial naivety. They have not understood that the engine of successful economies has been improvements in quality and productivity that have led to lower costs, lower prices and more jobs. Fortune magazine, September 28, 1998 edition, in an article titled “Why the Global Storm Will Zap the U.S. Economy” described this phenomenon as “ruthless American standards”. Further anecdotal evidence of this phenomenon was provided by The Australian Financial Review page 7, 3 March 1998. This article quoted Mr Ken McGuire, the corporate director of the Association of Manufacturing Excellence in the United States as saying “In national economic terms you are finding that price deflation is taking place as a by-product of internal company improvements.” The article was titled “Streamlining means cheaper prices”. I personally attribute this state of affairs to an American, the late Dr. W Edwards Deming, who called it the “Deming Chain Reaction Theory” (Annex B, Figure 1). Dr. W Edwards Deming taught this theory to Japanese top management in the fifties. American top management only caught on in the early eighties. Australian top management still don’t fully understand the theory.

Enterprises in Australia have failed to pass on lower costs into lower prices and as a result Australia’s unemployment rate is approximately double the United States. There are also problems with Australia’s accounting rules. Fortune magazine, October 26, 1998 edition, couldn’t believe Australian accounting rules allowed News Corporation to declare profits that would have been significantly less under U.S. accounting rules.

The Australian economy is being operated for the benefit of too few people and with too much smoke and mirrors. The total volume of motor vehicles sold in Australia has been largely stagnant for decades. This means that the growth in GDP attributed to this industry has largely been illusionary, due to price rises, not real growth due to increased sales of actual units.

In addition, the Australian economy is being burdened, retarded by extensive and widespread over-pricing which should be corrected before the government applies indirect taxes based upon the final price of goods and services. It is immoral for governments to apply tax to over-priced goods and services. Again the situation of the car industry demonstrates this, but sadly, it is a situation that is repeated in almost all other business sectors of the Australian economy. The most effective way of demonstrating this is by benchmarking the affordability of goods and services in Australia against the best performing economy in the world, the United States.

On top of this, when one considers the real economic effects of the wholesale corporatisation of government business entities, the story gets bleaker. Most of these entities were financially engineered to be used as cash cows by governments and the executives that run them. Governments then used fat profit margins to attract investors who are prepared to pay high sale prices to continue the financial rape and pillage of the economy and its people. This process is called privatisation under the guise of competition policy. Trouble is, the competition is off shore not on-shore and it is a policy that should have been put to a referendum. However, the story does not end there, governments have been very quiet about explaining that much of the services provided by these former government entities will now attract a GST based on prices that were artificially inflated in the first place. It seems that ever since Paul Keating warned of Australia becoming a banana republic in the mid-eighties, Australian governments have been desperate to achieve this goal. Australia needs global companies but their gravy trains extend not just to head office in Australia but overseas. My feeling is that too much of Australian business is the hands of overseas multi-nationals who are manipulating domestic markets to suit the needs of the global company.

The bottom line for wage and salary earners is that tax reform must result in all three tiers of governments working more effectively together, to ensure prices are not artificially amplified by taxes and profit margins, with the goal to optimise the economy and provide jobs. Incentive must be returned for business to create, develop and produce products and services in Australia for domestic consumption, and for export, instead of being a country of merchants. For this to happen, prices must be significantly reduced to match or exceed the affordability of the best performing economies. As wage and salary earners pay the most tax, the catalyst for this renaissance in the Australian economy is full transparency of embedded indirect taxes, which are accounted for together with direct taxes in annual end of year tax returns. This arrangement coupled with the establishment of a maximum and minimum amounts of taxes that can be paid by a given business entity will ensure double dipping and simplification occurs sooner rather than later. Clearly all receipts must show the total amount of embedded tax and it should be illegal for subsequent taxes or business margins to be applied to embedded taxes.

* 1. Conclusions (section 3.6 page 28)

Ref. 8, Tax Reform, Not a New Tax System and Ref 10, Review of Business Taxation, A Platform For Consultation Discussion Paper 2 Volume 1, does not describe any taxation mechanism that protects income-earning entities from being over-taxed by Federal, State or Local governments. Nor is there any taxation mechanism in place that prevents income earning entities from paying no tax if they are too clever for the taxation system.

As significant pricing anomalies exist for products sold in Australia, compared to the best performing economy in the world, the U.S., it is irresponsible for governments to apply percentage-based indirect taxes such as the WST and GST.

The car industry has demonstrated, that applying indirect taxes coupled with significant direct taxes, and inflated prices has resulted in an over-priced motor vehicle industry. Failure to pass on cost savings and the increase in prices has resulted in a loss of market share and increasing unemployment. Further the motor industry and government policies have ill prepared the local motoring industry to compete with imports, particularly as the Asian crisis has decimated home markets and selling motor vehicles has become a matter of survival and debt reduction, let alone achieving the lofty ideal of making a profit.

For wage and salary earners, the proposed reforms do little to change the affordability profile for Australian manufactured motor vehicles, in fact the gains will almost be wiped out by a mere 5% increase in the wholesale price of the vehicle. As noted before, the vendor with the lowest price will benefit the most, as the GST component will be in proportion to the price.

A GST will significantly benefit importers who sell product into the sweet spot of the market of between $10,000 and $20,000. The record number of vehicles sold in Australia is a direct result of the pricing strategies of the importers who recognised that the market was undersold by 100,000s of vehicles. They also recognising that as the majority of the on-road cost of an imported motor vehicle was due to government and industry margins applied in Australia, these arrangements could also be used to advantage in reverse to amplify the effect of any price cuts by the vehicle manufacturer.

A GST will benefit those businesses with the greatest buying power, as a GST will enhance their competitive advantage because it is a percentage-based tax. This effect will cascade through business and result in significantly higher prices for goods and services produced and supplied by small & medium enterprises when compared to bigger enterprises if these enterprises are able to obtain inputs at lower prices than their smaller competitors.

The total volume of product sold in a market is dependent upon affordability. Products and services sold in Australia are significantly over-priced and consequently, the affordability of products and services is significantly greater vs the best performing economy in the world, the United States. It is of no surprise to me that the current U.S. unemployment rate is around half that of Australia. The U.S. will also be better able to weather the more aggressive pricing strategies of importers as prices are already amongst the lowest in the world.

Achieving world best practice in affordability will benefit low-income groups as not only will the price of new goods come within reach but the affordability of second-hand goods will also be driven lower. Compensation is not the answer as it will artificially raise incomes and allow the market to maintain the current status quo.

Comparing incomes and exchange rates of Canada, United States and Australia suggest that there are significant anomalies between the Australian and United States exchange rates or that Australians are significantly underpaid or a combination of both.

The analysis of Table 5 demonstrates the importance for wage and salary earners to have full transparency of the total indirect taxes that they are paying for. The income tax cuts do not compensate wage and salary earners for the GST. High income earners who spend 80% of their income on products and services carrying a 10% GST will find that their effective tax rate is still in the high thirties. Clearly the GST will encourage higher income groups to spend their savings overseas or to invest in schemes design to reduce tax.

Consumption taxes are out of date in a borderless Internet world where a lot of purchasing will be carried out directly by the final customer. It is becoming increasing cheaper and easier to travel in person or by the Internet and purchase direct from a country where prices are significantly lower than the domestic market. The reason for the strength of the US economy is simple, low prices and no GST to act as a complication and barrier to trade.

Much of the reform carried out by Australian governments, under the banner of economic rationalism, over the past two decades will need to be undone by future generations of Australians as it has not led to fundamental economic reform of the economy to be more globally competitive. Australia should be characterised by low real unemployment, for all age categories who wish to work, comparable or better affordability coupled with world class quality, low overseas debt, a greater level of ownership of domestic businesses by Australians together with education and health services the envy of the rest of the world.

1. Industry Commission Auto Submission 1997 - Extracts

Automotive Industry Overpricing Industry Commission Submission No. 97 for the Automotive Industry Inquiry by John E. Caldecott 3 March 1997.

* 1. Executive Summary

The purpose of this submission is to influence the Industry Commission Automotive Industry Inquiry (ICAII) report, which is overly focused upon the question of tariff reduction and microeconomics reform, to address the real issue - overpricing and the system that has caused it. The deteriorating affordability of automotive goods is raised by the Draft Report, however there are no direct benchmarks of the market price of goods sold in the North American markets of the United States and Canada vs. the incomes of ordinary Americans and Canadians with ordinary Australians. Accordingly, the proposed set of recommendations of the Commission, whether implemented or not, will ensure that the overpricing crisis will not change for the long term betterment of Australian society.

Instead of focusing upon what the Automotive Industry and their suppliers can do for themselves, other than taxation, the Draft Report is overly focused upon peripheral matters such as microeconomics reform.

This has the effect of diverting the focus away from the Automotive Industry itself. With regard to the competition policy, Australians need to be seriously concerned about the privatisation of public infrastructure that began with the previous federal Labor government and which continues to be accelerated by current federal and state governments. The Reserve Bank of Australia Bulletin for January 1997 shows Net Foreign liabilities has climbed to $288.2 billion by the September quarter of 1996. Government policy is favouring foreign enterprise at the expense of Australian enterprise. They have forgotten that they are governing on behalf of society and instead think that they are governing wholly on behalf of business enterprise.

The automotive industry is at a cross road, focusing upon whether tariffs are to be reduced or not, as proposed in its Draft Report, will allow the industry to continue to force customers to pay for overpriced product, ensuring that the motor vehicle market limps along whilst increasing pressure on the domestic motor vehicle and component manufacturers and, despite the apparent export success, the industry will continue to be a negative factor on the Australian economy.

The focus of the commission’s recommendation and findings must be to address the reduction of end prices and to produce a better range of locally built motor vehicles. As figures presented before the commission clearly shows (Draft Report Table 5.1), the value of the tariff represents 8% of the on-road cost of a Daewoo Cielo (Import price of A$5,200) and 11% of the on-road cost of a Mercedes C180 (Import price of A$27,396). The commission needs to concentrate on the other 90% of on-road costs. It also needs to ask why Mercedes can retail a Mercedes C230 for a Manufacturers Standard Retail Price (MSRP) of US$30,450 (The Complete 97 Road & Track Car Buyer’s Guide) in the US market whilst a Mercedes C180 retails for A$63,484 on road in Australia.

The matters raised by this submission, are crucial to the reforming of not only the Australian automotive industry but other parts of the economy as well. It needs to be borne in mind, particularly by politicians and the industry itself, that customers of the automotive industry easily outnumber employees of the Automotive Industry and they are customers who are becoming increasingly disaffected with the industry.

* 1. Conclusions (section 7.5 page 17)

The Health Industry, like the Automotive Industry has turned its back on ordinary Australians and expects more for less. The problems of the two industries are similar, overpricing is the root cause of current industry problems and must be addressed. However, both need to realise that they are not the only industries in crisis. Both the private and public sectors need to realise that Australians are fast running out of money.

The Australian Automotive Industry needs to discover that the Deming Chain, Figure 1, actually works; improving quality and productivity which results in reduction in prices will lead to increased market share and the local automotive industry will become bigger and not smaller.

Governments need to focus on the whole pricing system and develop policy changes which requires all business entities to pay their fair share of tax, regardless of tax deductions, and which encourages growth of market share and penalises suppliers of overpriced product into the Australian market place.

Electronic commerce is going to break down the stranglehold enjoyed by merchants in Australia and accordingly, economic prosperity will be gained by economies which can create and develop marketable goods as opposed to those that rely upon the distribution, marketing and selling of goods. The Federal Liberal Government needs to put aside party ideology, which promotes “private” as being good and “public” as being bad and properly invest in the life-long education of all Australians and increase the output of Australian scientists and engineers before it is too late.

1. Made in america (Book)

Regaining the Productive Edge, MIT Press 1989

By Michael L. Dertouzos, Robert M. Solow and Richard K. Lester

**Overview**

“What went wrong and how can America become second to none in industrial productivity? This long awaited study by a team of top notch MIT scientists and economists - the MIT Commission on Industrial Productivity - takes a hard look at the recurring weaknesses of American industry that are threatening the country's standard of living and its position in the world economy.

Made in America identifies what is best and worth replicating in American industrial practice and sets out five national priorities for regaining the productive edge. Unlike other studies that prescribe macroeconomic cures, Made in America focuses on the reorganization and effective integration of human resources and new technologies within the firm as a principal driving force for long term growth in productivity.

Made in America examines the relationship between human resources and technological change in detail and singles out the most significant productivity weaknesses from the myriad causes that are typically cited. These include short time horizons and a preoccupation with the bottom line, outdated strategies that focus excessively on the domestic market, lack of cooperation within and among U.S. firms, neglect of human resources, technological failures in translating discoveries to products, and a mismatch between governmental actions and the needs of industry.

Looking ahead Made in America asserts that industrial performance would improve substantially simply by building on what is best in U.S. industry. It describes representative systems of production that can serve as models of best industrial practice for niche producers, price competitive specialized producers, and flexible mass producers.

Among the goals singled out as national priorities are the creation of a new economic citizenship that involves well educated workers as active partners in the reproduction process, a new strategic focus on production, finding a better balance between cooperation and individualism, learning to live in an increasingly international economy, and making proper provision for the future both in terms of capital and human resources.

The findings and goals of Made in America are based on such measures of productivity performance as product quality, innovativeness, time to market, and service in eight manufacturing sectors - semiconductors, computers, and office equipment; automobiles; steel; consumer electronics, chemicals and pharmaceuticals; textiles; machine tools; and commercial aircraft. These measures revealed a large gap between the best and average U.S. practice.

Michael L. Dertouzos. is Professor of Electrical Engineering and Computer Science and Director of MIT's Laboratory of Computer Science. Robert M. Solow is Institute Professor of Economics, and Richard K. Lester is Associate Professor of Nuclear Engineering.”

Source: <http://mitpress.mit.edu/books/made-america>

1. MADE in JAPAn (BooK)

Revitalizing Japanese Manufacturing for Economic Growth

By Japan Commission on Industrial Performance 1989.

**Overview**

“In 1989 the MIT Press published Made in America, a landmark study by The MIT Commission on Industrial Productivity, an interdisciplinary group of MIT faculty members. The study analyzed the strengths and weaknesses of American industry and set forth a strategic plan for revitalizing American productivity.

Inspired by the MIT study, the Japan Techno-Economics Society formed the Japan Commission on Industrial Performance (JCIP). For three years, seventeen university researchers worked with representatives of thirty-four corporations to analyze the present state of Japanese manufacturing and to identify the challenges Japan will face in the twenty-first century. The result of their study is Made in Japan.

Made in Japan has a broader perspective than its American model, whose focus was limited to issues of productivity. The book is divided into three parts.

Part I is a general overview.

Part II is an in-depth analysis of seven industries: industrial electronics, consumer electronics, automobiles, metal products, industrial machinery, chemicals, and textiles.

Part III identifies common problems and makes recommendations for industrial policy. The topics covered in the study are grounded in such fundamental issues as global environmental problems, competitiveness, and the free market economy system.”

Source: <http://mitpress.mit.edu/books/made-japan>

1. SA Electricity Price Comparison - Public vs. Private 1985-2014

Based Upon Actual Household Charges 1985, 1999, 2000 & 2014.

The cost of supplying power to a two person household in Henley Beach South Australia has been simulated using actual charges applied to residential accounts in 1987, 1999, 2000 and 2014. For the purpose of the comparison it has been assumed the average power consumption by two people over 95 days of supply is 1,457 KWh and includes a controlled load consumption of 600 KWh (off-peak power for hot water heating). The total costs have been calculated for the following invoice dates to provide a standardised basis of comparison between public ownership of the South Australian (SA) Electricity Industry (Electricity Trust of South Australia (ETSA)) vs. private ownership of the S.A. Electricity Industry.

* 1. SA Electricity Prices Under Public Ownership 1985-1999

Table 3. ETSA account issued 18th November 1985 (Pre-GST)

| **Period (Days)** | **Type of Charge** | **Cost (cents/unit)** | **No Units (KWh)** | **Cost ($)** | **Remarks** |
| --- | --- | --- | --- | --- | --- |
| 95 | M Tariff | 11.52 | 293 | 33.75 | Average cost of domestic light & power = 9.35 cents/KWh |
| 95 | M Tariff Step | 8.23 | 564 | 46.42 |
| 95 | Off-peak Power | 4.43 | 600 | 26.58 |  |
| 95 | Supply Charge (per day) |  |  | 0.00 | No supply charge applied. |
| **95** | **Total** |  | **1,457** | **$106.75** | **Overall average cost of power = 7.33 cents per KWh**. |

Supply charge introduced with account dated 25th August 1988 = $10.08 for 92 days of supply (10.96 cents/day). J Tariff (Off-peak power) was set at 5.18 cents/unit and M Tariff (Domestic light power) was set at 9.93 cents/unit.

ETSA was corporatised on 1st July 1995 by the Brown Liberal government and the first account from ETSA Corporation was received 19th September 1995. ETSA Corporation was disaggregated to form three separate entities by the Olsen Liberal Government in 1998. ETSA Utilities commenced business on 12th October 1998. National electricity market commenced 13th December 1998.

Table 4. ETSA Power’s account issued 29th September 1999 (Pre-GST)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Period (Days)** | **Type of Charge** | **Cost (cents/unit)** | **No Units (KWh)** | **Cost ($)** | **Remarks** |
| 95 | Domestic Light Power | 12.69 | 857 | 108.75 | Average cost of domestic light & power = 12.69 cents/KWh  Average cost is 35.72% higher than 18th November 1985 |
| 95 | Off-peak Power | 4.79 | 600 | 28.74 | Average cost of off-peak power = 4.79 cents/KWh  Average cost is 8.13% higher than 18th November 1985 |
| 95 | Supply Charge (per day) | 25.32 |  | 24.05 | Average cost in cents per unit is 131.02% higher than 25th August 1988 when supply charge introduced. |
| **95** | **Total** |  | **1,457** | **$161.54** | 51.3% increase compared to 18th November 1995 over 14 years.  **Overall average cost of power = 11.09 cents per KWh.** |

This was the last account issued by ETSA Power in public hands. AGL took over the retail billing function in 2000. ETSA was privatised in 1999 by the Olsen Liberal Government.

For more info see Power Politics: The Electricity Crisis and You edited by John Spoehr 2003, ABC TV 7.30 Report “[SA consumers face skyrocketing electricity prices](http://www.abc.net.au/7.30/stories/s763920.htm)” Reporter: Mike Sexton 15th January 2003 and YouTube published 18th February 2014 by ETU [Victoria's Power Sell-Off: The Shocking Truth](https://www.youtube.com/watch?v=za03H7Ig7i8&t=48).

* 1. SA ETSA Utilities 1998-99 Results Summary

ETSA Utilities was formed in 1998 and for the 1989-1999 financial year total revenue was $571.3 with an after tax profit of $102.9 million. Total contributions to the South Australian government was $150.4 million comprising tax of $51.6 million and dividends totalling $87.4 million. (Source ETSA Utilities Annual Report 1999).

Table 5. ETSA Utilities 1998-99 Results Summary

|  |  |  |
| --- | --- | --- |
| **Key Performance Measure** | **Result** | **Remarks** |
| **Total Revenue** | $571.3 million |  |
| **Earnings before interest and tax** | $241.8 million |  |
| **Net Operating cash flows** | $224.3 million |  |
| **Capital Expenditure** | $76.6 million |  |
| **Total assets** | $2,405.1 million |  |
| **Return on assets** | 10.1% |  |
| **System average outage duration** | 110.4 minutes / customer per annum | Compared to 1994-95 a reduction of 4.8% |
| **Number of full time equivalent employees** | 1,122 |  |
| **Number of lost time injuries** | 6 | Compared to 1994-95 a reduction of 90.3% |
| **Lost time injuries frequency rate (lost time injuries/million hours worked** | 2.9 | Compared to 1994-95 a reduction of 82.9% |
| **Net operating cost per customer** | $111 | Total operating cost = $81,449,913 |
| **Net operating cost per kilometre of line** | $1,119 | Compared to 1994-95 a reduction of 32.6% |
| **Customers per employee** | 654 | Compared to 1994-95 an increase of 61.5% |
| **Sales volume (GWh)** | 9,522 | Compared to 1994-95 an increase of 11.2% |
| **Number of customers** | 733,783 |  |

* 1. SA ELECTRICITY Prices UNDER Private Ownership 2000-2014

Table 6. First AGL Invoice issued 28th March 2000 (Pre-GST)

| **Period (Days)** | **Type of Charge** | **Cost (cents/unit)** | **No Units (KWh)** | **Cost ($)** | **Remarks** |
| --- | --- | --- | --- | --- | --- |
| 95 | Domestic Light Power | 12.69 | 857 | 108.75 | No change vs. ETSA Power’s last account on 29th September 1999. |
| 95 | Off-peak Power | 4.79 | 600 | 28.74 |
| 95 | Supply Charge (per day) | 25.32 |  | 24.05 | No change vs. ETSA Power’s last account on 29th September 1999. |
| **95** | **Total** |  | **1,457** | **$161.54** | No change compared to 29th September 1999 charges.  **Overall average cost of power = 11.09 cents per KWh.** |

This was the first and only account where AGL acted as agent for ETSA Power. All subsequent accounts have been by AGL and the household account has been maintained unchanged to this day.

Table 7. AGL Invoice issued 24th September 2014

| **Period (Days)** | **Type of Charge** | **Cost (cents/unit)** | **No Units (KWh)** | **Cost ($)** | **Remarks** |
| --- | --- | --- | --- | --- | --- |
| 95 | Peak | 26.72 | 270 | 72.14 | Average cost of domestic light & power = 26.51 cents/KWh  Average cost is 108.9% higher than 28th March 2000 |
| 95 | Peak Next | 27.23 | 587 | 159.84 |
| 95 | Controlled Load | 12.07 | 600 | 72.42 | Average cost of off-peak power = 12.07 cents/KWh  Average cost is 151.98% higher than 28th March 2000 |
| 95 | Supply Charge (per day) | 59.77 | - | 56.78 | Average cost in cents per unit is 136.06% higher than 28th March 2000 |
| **95** | **Sub-Total** |  | **1,457** | **$361.18** | 123.6% cost increase compared to 28th March 2000 charges over 14 years.  **Overall average cost of power = 24.79 cents per KWh excluding GST.** |
|  | **GST** |  |  | **$36.12** |  |
|  | **Total** |  | **1,457** | **$397.30** | Including 10% GST brings the cost increase up to 145.9% compared to GST free 28th March 2000 charges over 14 years.  **Overall average cost of power = 27.3 cents per KWh including GST.** |

**New charges were introduced on 3rd July 2014 following removal of the carbon tax on 1st July 2014 and these have been used in the above table.**

* 1. SA ELECTRICITY Prices - Public Ownership 1985-1999 – Summary

**ETSA account issued 18th November 1985 (Pre-GST) vs 29th September 1999 (Pre-GST)**

According to the [Reserve Bank of Australia (RBA) Inflation Calculator](http://www.rba.gov.au/calculator/annualDecimal.html) $106.75 (not including GST) in 1985 would be worth $186.22 in 1999 and represents a 74.4% price increase over **14 years** at an average inflation rate of 4.1%.

The actual price increases by ETSA over 14 years as a public utility was 51.3%, 13.9% less than the price predicted by the RBA’s inflation rate from 1985 to 1999.

* 1. SA ELECTRICITY Prices - Private Ownership 2000-2014– Summary

**AGL Invoice issued 28th March 2000 (Pre-GST) vs. AGL Invoice issued 24th September 2014**

According to the [Reserve Bank of Australia (RBA) Inflation Calculator](http://www.rba.gov.au/calculator/annualDecimal.html) $161.54 (not including GST) in 2000 would be worth $239.74 in 2014 and represents a 48.4% price increase over **14 years** at an average inflation rate of 2.9%. Applying GST to the price increase brings the total to $239.74 + $23.97 = $263.71.

The simulated cost for 24th September 2014 account = $361.18 and used real charges, excluding GST. This cost is 50.7% higher than the price of $239.74 predicted by the RBA’s inflation rate. This price increase has occurred entirely since ETSA Corporation was privatised in 1999 and is substantially above the price predicted by the RBA’s inflation calculator.

* 1. Comparing Electricity Supply Charges 1984 & 2014

Table 8. Comparing Electricity Supply Charges 1984 & 2014

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Account Date** | **SA Electricity Industry Provision** | **Light & Power**  **(cents per KWh)** | **Off-Peak Power (cents per KWh)** | **Supply Charge**  **(cents per day)** | **GST** | **Remarks** |
| 18/11/1985 | ETSA & Public | Average = 9.35 | 4.43 | Nil | Nil | ETSA not corporatised |
| 25/8/1988 | ETSA & Public | 9.93 | 5.18 | 10.96 | Nil | Supply charge first introduced |
| 29/9/1999 | ETSA Power & Public | 12.69 | 4.79 | 25.32 | Nil | ETSA Corporation split up into components of which ETSA Powers was one of the new entities. |
| **% increase over 14 years in public hands** | | **35.72%** | **8.13%** | **131.02%** |  |  |
| 28/3/2000 | AGL & Private | 12.69 | 4.79 | 25.32 | Nil | AGL’s first invoice |
| 24/9/2014 | AGL & Private | Average = 27.07 | 12.07 | 59.77 | 10% | AGL’s first invoice after removal of carbon tax by Abbott Government in 2014 |
| **% increase over 14 years private hands** | | **113.32%** | **151.98%** | **136.06%** |  |  |
| **Overall % increase since 1985 or introduction of charge** | | **189.52%** | **172.46%** | **445.35%** |  |  |

1. United States Electricity Average Retail Prices 1990-2009

Table 9. Table 947. Electricity-end use and average retail prices (US$)