

Currently:

1. In Australia's user-pay, increasingly neo-liberal, economic rationalist economy, market dynamics are driven by supply & demand and almost exclusively focused on profit rather than social equity outcomes (nb not equality, which is not necessarily desirable).
2. Since financial deregulation was introduced in the 1970s, our value system (both moral and ethical) has changed to the detriment of family and community. Investment in terms of manufacture (creating essential consumer goods for sale, through 'real' labour) has been significantly replaced/downgraded by largely unregulated speculative investment in financial instruments, including currency speculation.
3. Companies, particular multi-nationals and trans-nationals are able to operate in one country and reduce/avoid paying tax by registering in another. Legal but neither ethical or moral. Financial deregulation has significantly reduced the ability of governments to 'regulate', as fear/threat of capital flight can occur in minutes.
4. Unrestricted pursuit of corporate profit (justified by legal requirement to maximise 'value for shareholders') encourages industry to move manufacturing/services across borders without considering/valuing social impact. It is a dilemma that we face a global world where all national governments remain by definition, 'local'.
5. Education (both classical and applied) and heritage, coupled with dedication to family-unity across generations, community support and hard work were once considered the measurement of success and a life well lived. Today measurement of success is largely determined by an 'individual's financial success'. Ethics and moral standards are now very poor distant cousins to 'legality'.
6. Work, certainly for the very young and the more senior citizens over 55 has become a privilege. This has left our younger generation wondering about their future and the over 55s & pensioners feeling disempowered. No point in a government urging senior citizens to remain in the workplace if the business environment/market place doesn't match the rhetoric.

The question of tax reform is 'secondary' to the question of 'what society do we wish to build?'. Neo-liberal economics are not compatible with social justice. Instead we should again take a hard look at the economic policies promoted by John Maynard Keynes and be less afraid of multi-national/transnational companies and a more regulated money supply.

A fair taxation system should be based on an individual's ability to contribute, directly linked to level of income. This can be done without destroying the financial incentive to succeed and better one's life. If taxes are high, then this should be reflected in public infrastructure and services provided. Norway and Sweden are great examples.

Company tax reform should follow similar guidelines, where currently legitimate deductions (e.g. consulting/management fees, some aspects of depreciation) should be traded against less regulation and greater workplace agreement flexibility. Company tax 'must' be paid in the country where the wealth is generated.

Compulsory superannuation contributions, equally shared between employee and employer should be introduced immediately, be tax free, and increased to 30% (15% employee & 15% employer). Lump sum payouts should be limited to the equivalent of 1 year average national wage income, with the rest commuted to pension annuity.

The government paid (tax-payer funded) Old-Age Pension should not be based on the minimum wage, nor CPI indexed but based on 65% of the national average wage. It should be means tested, based on all cash at bank, including shares and other financial instruments. The family home should remain exempt but only up to a specific cap (e.g. average national value plus 50%). All yearly income should be included in the means test, including superannuation income.

Healthcare reform should be based on sound 'health economics', where we accept the fact that all of us will die at a given point in time. Expenditure focus should be on quality of life and not length of life. Even

seniors, when well informed would find it ridiculous that most health care expenditure is spent during the last 2 years of someone's life. This does not exclude a first class effort on palliative care. Application of medical technology and pharmaceutical expenditure should be based on hard evidence (nb: absolute statistics only and not relative values) and sound economics (particularly in oncology). Only emergency care should be exempt.

In a world where children die of malnutrition and many are orphaned as a result of war, there should be no place for (private or public) underwriting of IVF. Surrogacy should be forbidden and traded against much greater access to adoption (both nationally and internationally).

Tax reform should be geared to reinforce family and community values, where ethics and morality matter. Education (applied and classical) and health (within the parameters discussed) should always be the foundation stones of our Australian community. The young and the elderly must be valued for their future potential and past contribution, with hope and trust equally shared amongst 'all' citizens. This cannot be achieved in a society driven increasingly by neo-liberal economic policy. Capitalism is good and a great social welfare generator but government intervention is required, to ensure success is not measured over-ridingly in terms of financial wealth.

Maintain HECS and increase if necessary in consultation with the universities. Repayment by individual should remain linked to employment only as marginally added taxation but on an increasing scale, dependent on level of income. For example: Income up to \$60K – 2%; \$80K – 3%; \$100K – 5%; etc and up to 10%. Outstanding debt on death should be written off.

GST can certainly be increased but should exclude essential services, particularly food, transport, education and health. The central government should decide what payment to make to each state based on merit and need, to ensure that Australia is 'one nation' and not a bunch of competing locally focused jurisdictions.

Kindest regards,

Dr Peter Daale