A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"This is a brief, fully documented account of how, though slandered by Australian security and intelligence organisations, and in constant risk of her own and her children's lives, the widow of Dr. Clifford Dalton, inventor of the first Fast Breeder Nuclear Reactor, eventually succeeded by a bold course to tradition, in winning herself the protection of the Australian Parliament, the Australian Crown and Australian Law... The story is about a contest, fought under the most exacting conditions, between constitutional and criminal power..."*

– Robert Graves (preface) in ***"Without Hardware"*** by Catherine R. Dalton, 1970

TAXATION RESEARCH by Jeremy Lee:

In March 2000 the League's monthly ***New Times Survey*** carried a leading article on "the Murphy Furphy". This described a movement which held that the Constitution, the process of federation and the laws, courts and the Australian Taxation Office, were legally invalid.

The movement has continued to grow since then, producing a mountain of documentation to bolster its argument. It has even argued that, because of the legal stalemate in Australia, the United Nations should be asked to intervene, giving Australians a new Constitution and generally sorting out a mess that is beyond the capabilities of the Australian people.

In the process of this tortuous argument, the Income Tax Research movement (ITR) has offered legal advice to members who have withheld, or refused to pay, taxes on the grounds that they are invalid.

It seems as though the movement has run into a dead end. Under the heading TAX BATTLE OVER AT LAST, ***The Australian Financial Review*** (28/3/01) reported:

"The Institute of Taxation Research has lost its long-running battle to have Australia's tax laws declared technically invalid, following an order by the South Australian Supreme Court that the company be wound up.

"The court appointed a liquidator to oversee the wind-up of ITR and ordered the company to repay the legal costs of the Australian Taxation Office.

"ITR has spent the past few years arguing that changes to Australia's international sovereignty since 1901 meant that the laws passed by the Federal and State governments were illegal, including the laws governing income tax and the GST.

"During that time it launched more than 35 legal challenges on behalf of clients, none of which has been successful......"

The article went on to point out that in February the Federal Court in Brisbane ruled the ITR and NSW solicitor Wayne Levick were guilty of providing misleading advice, following action by the Australian Competition and Consumer Commission.

While we are not supporters of the Australian Tax Office, which has made an unholy and destructive mess of the GST, the only way such things can be changed, if Australia is to avoid revolution and bloodshed, is through the parliamentary process and changes to existing legislation.

THE LABOUROUR WORTHY OF HIS HIRE? Following the action of the Tasmanian small businessman who took legal action against the Australian Taxation Office for time spent on paper-work connected with the GST, ***The Australian*** (29/3/01) reported:

"Australia's leading small business group has called on the federal Government to pay businesses compensation for acting as tax collector. ....."

The demand came during a National Press Club gathering in Canberra, where Mr. Rob Bastian, CEO of the Council of Small Business Organisations of Australia, said the Government would have to produce such compensation if it wanted the votes of small business proprietors.

To add to Howard's dilemma on the issue, Labor has claimed it would provide such compensation if elected. COSBOA has suggested that small business should retain 10% of revenue collected.

The more such dilemmas which confront Mr. Howard and Peter Costello the better.

DEADLY NEW TREATY IN THE PIPELINE: The March issue of T***he New Times Survey*** carries details of a deadly new international treaty in the pipeline. The treaty, called the General Agreement on Tendering for Services (GATS), is aimed at the internationalisation and privatisation of any and all government services, including health and education. The lowest tender, no matter from what part of the world, would be compulsorily accepted.

Australia has not yet ratified the treaty, but it appears some States are already jumping the gun. ***The Australian Financial Review*** (28/3/01) gave details of a new agreement between the NSW and Queensland governments to *"investigate shared public and private infrastructure development and services delivery after Victoria yesterday became the first Australian state to detail a public-private partnership system.*

"Guidelines released yesterday by the Victorian Treasurer, Mr. John Brumby, set out the basic characteristics of the State's new policy of partial privatisation of major projects and services, ...The system is viewed as a more politically palatable method of privatising government services in education, health, aged care and housing ...."

The smell of multinational pressure is all over these latest moves. And with shared services, under private administration, the federal system would be even more tenuous.

TALKING OF TAXES: Following a recent ***Bulletin*** article (reported in ***On Target*** last week) which pointed out that the Howard government had taken taxation to the highest level in Australian history, the Prime Minister had a long, rambling and defensive letter in the next issue (March 27th).

The substance of the letter – like so many government statements these days – was that because the GST was to be handed to the States, it should not be counted as a component of Commonwealth taxation. Howard's exact words were:

"...... Your analysis is flawed in so far as it adds GST revenue to Commonwealth tax revenue in order to derive a consistent measure of the overall Commonwealth tax burden. For one, this treats the GST as exclusively a Commonwealth tax. This ignores the fact that in addition to replacing the wholesale sales tax, the GST replaces a number of State taxes and all the proceeds of the GST are remitted to the States. Adding the GST to Commonwealth tax is therefore in no way representative when making comparisons with Commonwealth revenue in earlier years......"

With respect to Mr. Howard, this is specious nonsense. Ever since federation there have been Commonwealth grants, both general and specific, to the States. There has never been any suggestion that the sum of such grants should be deducted from Commonwealth taxation figures. Why should the GST be any different?

This raises another matter. In earlier times, Budget figures and statistics in the Year Book were so simple that anyone could understand them. The modern Year Book is a model of confusion.

What would be useful would be a simple table laying out TOTAL taxation in Australia – Commonwealth, State and Local. This should be shown in aggregate, and also per capita. When describing Australia as a "low-tax-country" – which both Howard and Costello are still trying to maintain – we can get a picture of ALL the taxes we pay, and make an honest comparison.

PHONY BANK-BASHING: With a federal election drawing closer it is amazing to watch the major parties casting round for popular issues. Both have suddenly discovered the banks.

Kim Beazley was first off the ranks with a statement including these words:

"Consumers are tired of seeing record bank profits year after year while fees and charges rise and access to banking services declines ...."

Labor has now produced a "Plan For Better Banking", which Alan Mitchell (***AFR***, 28/3/01) described as appearing *"to go further in meeting the concerns of struggling voters. The ALP is offering consumers more of the benefits of competition (lower fees, greater transparency), as well as protection against the less-pleasant consequencies of competition (transaction fees and the closure of uneconomic branches) and assistance normally associated with the welfare system (fee-free accounts, no-interest loans and so on)....."*

Hardly were the words out of Beazley's mouth that the Coalition took up the battle against the banks like bloodhounds on the trail. There seems little doubt that the period between now and the federal election will be a case of Tweedledum and Tweedledee "agreeing to have a battle".

"I'm certainly in favour of any action being taken to prevent the banks charging fees they oughtn't to charge. There is understandable criticism of what the banks have done to the community ...." said Prime Minister Howard.

One would never have believed that these two spokesmen came from parties which fought so hard to deregulate the banks. Deregulation, we were told, would "increase competition, producing lower costs and other benefits for consumers!"

But it's a far cry from what is really needed – a re-discovery by Labor leader Beazley of the election pledges of his pre-war predecessor in the seat of Fremantle, John Curtin. Standing for the September 15th, 1934, election, Curtin said:

"Restrictions imposed upon the Commonwealth Bank in 1924 by the Bruce-Page Government will be removed, and the bank freed to enter into vigorous competition with the private banks to secure for the people the profits and privileges of banking which are now practically monopolised by private banking companies ...."

But then it was Paul Keating's Labor Party, in which Kim Beazley was a Cabinet Minister, which sold into private hands the bank Curtin was trying to restore.

Meanwhile, 23,298 people went bankrupt in Australia last year. The numbers of bankruptcies have tripled in the last 10 years, and are still continuing to climb. What are Howard and Beazley going to do about that?

RUNNING OUT OF FRIENDS: Right across the world, people are waking up to the three ugly sisters – the World Bank, the International Monetary Fund and the World Trade Organisation. Frank Devine (***The Australian***, 29/3/01) described it this way:

"..... The perception of an elite gathered ostentatiously to plot against us caused the riots that disrupted a World Trade Organisation conference in Seattle in 1999.

"This particular elite is now on the run. Chile backed out of being host of the next conference because it didn't need the trouble. No other country volunteered. Even Switzerland recoiled from the privilege, though the WTO has its headquarters in Geneva.

"The WTO had to settle for Doha, which we all know to be the capital of Qatar.

"Because Doha lacks the tents to go around, luxury liners will anchor offshore to house delegates and media. Some elites can't help provocative flaunting ....."

TILTING AT WINDMILLS: The National Party, now a discredited, disreputable rump which represents nobody, has turned its back on any chance of retrieving its position and dignity in Queensland by re-nominating Ron Boswell to head its Senate team at the next election. Boswell, now widely known in rural Queensland as "the grim weeper" for his teary display recently on TV about the partial revival of One Nation, is not seen as a champion of the policies needed for a rural revival.

NATURAL DISASTERS: The latest statistics reveal that natural disasters have cost Australia $37 billion since 1967 – about $1.4 billion a year, or $85 a year per person.

We were relieved to discover that politics was not included in "natural disasters". Had it been, the cost would probably be higher than the foreign debt!!

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