A WEEKLY COMMENTARY

ON TARGET

• NEWS HIGHLIGHTS
• BACKGROUND INFORMATION
• COMMONWEALTH AFFAIRS

The price of Freedom is eternal vigilance –

Print Post Publication Number 381667 00258

Vol.35, No.39 October 8th, 1999

THOUGHT FOR THE WEEK: *"Christianity, Democracy and Social Credit have at least three things in common; they are all said to have failed, none of them is in the nature of a Plan, and some of the most powerful organised forces in the world are directed to the end, not only that they shall never be accepted but that as few persons as possible shall ever understand their nature."* – C.H. Douglas

"NO-WIN" WAR IN EAST TIMOR by Jeremy Lee:

There has now been a welter of media discussion on some of the critical issues surrounding Australia's presence in East Timor, dealt with in recent issues of ***On Target***.

All those who have had experience of wartime service know there is no such thing as a "no-win" war. From the first day in uniform the serviceman is taught the basic rule of war – kill or be killed.

The idea of a "no-win" war is born in the minds of politicians who have never, and never will, be in action themselves.

There is an ominous similarity between the idea of a "safe-zone" for the militia and possibly Indonesian troops in West Timor, and the "off-limits" North Vietnam during the Vietnam war. The Vietcong were provided with almost complete immunity to rest, arm, recruit and deploy in North Vietnam.

In the early part of the Vietnam war the League published a statement by a large number of senior military US experts who stated they could win the war in six months if they were allowed to cut the enemy's supplies from port-of-entry Haiphong right down the Ho Chi Minh trail to the South. This essential provision was never allowed, resulting in a needlessly-protracted war with endless casualties eventually lost by the West as public opinion turned against the obviously pointless continuation.

Australian Minister for Defence John Moore – for whom we generally have a low opinion – has, nevertheless, been unjustly taken to task by media pundits and internationalists for his statement that Australia would pursue any militia attacks into West Timor. It is the only realistic position to show Australia means business, and won't sacrifice the lives of its young soldiers in a "no-win" situation.

If John Howard does not want to squander the current approval for Australia's entry to East Timor, he will take every possible action to ensure we don't end in a protracted stalemate, with a continual harrassment from belligerents working out of a safe-haven in West Timor.

On this one, John Moore should be encouraged.

WHITHER BENDIGO? Recent ***On Targets*** and Jeremy Lee's latest ***"How Bright the Vision?"*** have carried material on the successful development of community banks – many in partnership with the Bendigo Bank, which is Australian in sentiment, making provision for the return of some local profits to the community.

We are alarmed, therefore, to record what appears to be a raid on Bendigo shares by the international merchant bankers Salomon Smith Barney, which has now become Bendigo's largest single shareholder, with 6.3% of the Bank's stock.

Commenting, ***The Australian Financial Review*** (Weekend, 2-3/10/99) said: *". . . Suggestions that Bendigo is an attractive takeover target for a local or offshore financial institution have been fuelled by the Board's move to alter the company's constitution at the shareholders' meeting at the end of this month.*

"Directors have included on the notice paper a resolution that aims to reduce the possibility of a predator gaining control through a partial takeover offer . . ."

It's obvious Bendigo Bank's progress is being scrutinised closely. Community Banks would do well to take any action which helps protect Bendigo from foreign control, safeguarding their own positions at the same time.

A DIVIDED COALITION by Phillip D. Butler:

The rather odd sight of a road-sign pointing across a field of grain where no path or lane seemingly exists would strike anyone travelling through the countryside of the United Kingdom. Obviously, the farmer has encroached on the land and as time went on claimed it as his own.

It is only when one learns that there exists a right of the citizens to retain a lane or path by walking along it at least once a year, claiming their right to do so, does the sign make sense. It would seem the citizens have not exercised their rights and have lost that path or lane – all that remains is the sign to show that their rights once existed.

Australians are being led to vote for the future direction of this nation in a referendum on November 6th without knowing about the signposts, let alone why they should retain them by claiming their rights.

Those most responsible for this unforgiveable neglect in teaching the younger generations about the signposts of our Constitutional Monarchy are the so-called 'conservatives'. Just as the Fabian Socialists 'identify' with the working class - but are not of them, so do the so-called conservatives 'identify' with the Liberals and Nationals - but they are not of them. Certainly not with those who knew about the importance of the signposts.

It is as well that Liberal and National voters know where **their** Member of Parliament stands. The following list appeared in the Melbourne ***Age***, 4/9/99:

Yes: Those who want a republic and attended this week's meeting supporting an Australian head of state:- Richard Alston, Larry Anthony, Fran Bailey, Bruce Baird, Phil Barresi, Julie Bishop*, Mal Brough, David Brownhill, Bob Charles, Helen Coonan*, Peter Costello, Alan Eggleston, John Fahey, Chris Gallus, Joanna Cash*, Robert Hill, Joe Hockey, Jackie Kelly,*, Sue Knowles, Lou Lieberman*, Peter Lindsay, Ian McDonald, Ian McFarlane, Judi Moylan*, Gary Naim*, Peter Nugent, Warwick Parer, Marise Payne*, Geoff Prosser, Christopher Pyne, Andrew Southcott, Sharman Stone, Grant

Tambling, Andrew Thomson, John Tierney, Judith Troeth*, Amanda Vanstone, Mal Washer*, Daryl Williams, Michael Woodridge, Trish Worth. ** Sent apologies*

No: Those who signed 'not this republic' petition:- Tony Abbott, John Anderson, Kerry Bartlett, Bronwyn Bishop, Alan Cadman, Ross Cameron, Ian Causley, Bill Heffernan, Kay Hull, Tony Lawler, Jim Lloyd, Gary Nehl, Brendan Nelson, Alby Schulz, Stuart St.Clair, Mark Vaile, Danna Vale, Ron Boswell, Warren Entsch, Kay Elson, Teresa Gambaro, Gary Hardgrave, David Jull, Robert Katter, De-Anne Kelly, Brett Mason, Margaret May, Paul Neville, Bruce Scott, Peter Slipper, Alex Somlyay, Cameron Thompson, Warren Truss, Grant Chapman, Alexander Downer, Trish Draper, Alan Ferguson, Jeannie Ferris, Nick Minchin, Patrick Secker, Eric Abetz, Paul Calvert, Brian Gibson, Jocelyn Newman, John Watson, Kevin Andrews, Bruce Billson, John Forrest, David Hawker, David Kemp+, Rod Kemp, Stewart McArthur, Julian McGauren, Peter Reith+, Michael Ronaldson, Tsebin Tchen, Ian Campbell, Winston Crane, Barry Haase, Ross Lightfoot, Wilson Tuckey. *+Support a republic but not this version.*

The Rest: Includes the undeclared and/or those who chose not to align themselves with either group this week.

John Howard, Neil Andrew, Petro Georgiou, Peter McGauren, Chris Ellison, John Moore, Philip Ruddock, Kathy Sullivan, Barry Wakelin, Tim Fischer.

GST PLUS PAYG by Q.B.

Many have observed that if Mr. John Howard's GST really upsets the public at its introduction at the July 1st, 2000, his chances of re-election will plummet. A few years ago, Canadians reduced their majority government to two lonely remaining members of parliament in one election. The issue was a GST.

There is still some way to go in knowing what one will face come 1/7/2000. One of Australia's foremost accounting firms Price Waterhouse Coopers (PWC), observes uncertainties about GST in their August edition of "Tax Talk", including:-

1. *"...the requirements to raise tax invoices in certain circumstances...for example, certain leases ... charges for hiring..."*
2. *"The treatment of capital and revenue items under GST."*
3. *"...guidelines to arbitrarily apposition liability to tax where they (business) sell both taxable and GST-free goods and services..."*

PWC are saying:-
"PWC urges the Federal Government to finalise the regulations as soon as possible."
"Without knowing the rules, organisations cannot set up the appropriate systems..."

If you are still hazy about the details, relax! even the top accounting firms don't know yet either - nor does the government apparently. Business largely supports GST because they hoped to pay less net tax under this system. Few yet realise that five separate income tax returns will now have to be lodged, as well as GST returns.

We reproduce excerpts from the PWC article below:-

Pay As You Go (PAYG) - A plain business person's guide
On 30 June 1999, the Government introduced into Parliament legislation for Pay As You Go (PAYG) arrangements announced in August 1998 as part of tax reform. PAYG is the biggest shake-up in 50 years and for many businesses, the cash-flow impact of PAYG could rival the GST. PAYG replaces 11

withholding and reporting systems and the provisional tax and company instalment tax systems with:
** a PAYG withholding system which requires tax to be withheld from certain payments made on or after 1 July 2000 and*
** a PAYG instalment system which applies to instalment taxpayers from the commencement of the 2000-01 income year. For companies who balance on 31 December the instalment system will apply from 1 January 2000*

This will affect every business. Watch your cash-flow, as tax withheld or income tax instalments may have to be remitted earlier. It will also affect the hiring of contractors who may have to rethink their strategies.

PAYG instalments
The PAYG instalment system will collect instalments of income tax from:
** individuals who currently pay provisional tax on income from self-employment or investments and*
** companies, superannuation funds and certain trading trusts..."*

How PAYG instalments are calculated
Instalments of income tax will be payable 21 days after the end of each quarter and calculated on a quarterly basis by applying an "instalment rate" to the amount of an entity's actual "ordinary income" (ignoring deductions) for the quarter. The instalment rate is notified to the taxpayer by the ATO and determined by reference to tax payable for the most recent assessment. During the year, particularly if a new assessment issues, the ATO may notify a new rate - and subsequent instalments will be based on the new rate.

Running Balance Accounts
From 1 July 2000, will be required to notify the ATO in a single approved form (to be known as a Business Activity Statement) for a reporting period (either a month or quarter) of the following business tax liabilities:
- *Goods and Services Tax (GST)*
- *Wine equalisation tax*
- *Luxury car tax*
- *PAYG income tax withholding*
- *PAYG income tax instalments*
- *Fringe benefits tax (FBT) instalments (there will be four rather than three FBT instalments, which will be aligned with other instalment dates from 1 April 2000) and*
- *Deferred company instalments*

The following example is given to explain an income tax instalment rate:- *"Bloggs' Sparkling Wines Pty. Ltd. ...for its most recent assessment was liable for tax of $600,000 (excluding tax on capital gains) and in that income tax year had gross ordinary income of $10 million. The Australian Tax Office (ATO) notifies an instalment rate of 6%."*

"McClurk, the CFO for Bloggs, now has to prepare the equivalent of five income tax returns a year - one for each quarter (ignoring deductions), and a final return which recognises deductions as well as income! McClurk orders himself a case of mineral water for the festive season."

We will all be drinking the health of our Treasurer, Mr. Peter Costello, come Christmas 2000 - and showing our appreciation at the polling booths in 2001?

Election comment authorised by B. Luks, 145 Russell Street, Melbourne, 3000

"ON TARGET" is printed and published by The Australian League of Rights, 145 Russell St., Melbourne.
Postal Address: GPO Box 1052J, Melbourne, 3001. Telephone: (03) 9650 9749, Fax: (03) 9650 9368.
Subscription $40.00 p.a.