

# A Manifesto for Change

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## Summary of Recommendations

### 1. Negative Gearing

That negative gearing be restricted to no more than five, newly-built, tenanted properties.

### 2. Franking Credits

The original concession of allowing franking imputation credit refunds was to avoid double taxation on company profits. In more recent years this aim has been diverted to allow shareholders to receive credits for taxation they have not paid.

The system of franking imputation credit refunds should be abolished immediately.

### 3. Stage 3 Tax Cuts

The stage three tax cuts should be amended immediately to allow relief for lower income taxpayers, without providing windfall benefits to the wealthy.

### 4. Offshore Tax Havens

The use of off-shore tax havens should be investigated and closed to encourage companies to be “good citizens”.

### 5. International tax-avoidance loopholes

International tax-avoidance loopholes must be closed and tax levied where it is incurred.

### 6. Super-profits Tax

Australia should follow the lead of other countries such as Norway and impose super profit taxes on the extraction of natural resources.

### 7. Tax Evasion Loopholes

Tax evasion loopholes must be outlawed.

### 8. The Media

A Royal Commission into all aspects of the media in Australia.

Legislation to expose, abolish and punish blatant misinformation and lies.

ABC:

Review and affirm the ABC charter to ensure independence, fairness, and impartiality

Replace key management.

Restore funding.

### 9. Political influence and Corruption

Ban all political donations.

Scrutinise, expose and bring to account inappropriate, lobbying activities.

Ban porkbarrelling of any sort.

Expose and ban nepotism with a return to appointment by merit.

Maintain funding for the NCAC and require it to conduct public hearings and produce progress reports.

### 10. Public ownership of essential services

That Commission be established to investigate the potential for bringing previously privatised entities back under government control – particularly those services which are deemed essential and vulnerable to external forces.

### 11. Reconciliation and Recognition

Given Australians’ opposition to The Voice referendum, the government should now legislate its establishment.

### 12. Foreign Affairs, Trade and Defence

That Australia adopt a non aligned independent approach to foreign policy

That foreign policy focus on diplomacy rather than provocation

That foreign aid be based on needs rather than political strategy

That AUKUS be abolished

That the nuclear submarine project be cancelled and other forms of defence be considered

That defence procurement be investigated to ensure value for money and performance

# 1 The Need for Change

It is evident to me that even respected political commentators and analysts, despite having a clear view of what is wrong with the country, are plainly frustrated, and unable to effect change. There is a daily litany on X of a gnashing of gums and rending of garments over our frustration and inability to challenge what is plainly wrong.

I have reached the conclusion that misinformation, lies, corruption, vested interests and political inertia are so ubiquitous throughout society that the sum of all problems envelops and petrifies us. Bluntly, faced with a mountain of shit, it is better to decant it into smaller, discrete piles that can be shoveled out of the way.

Hence, my list of suggestions for dealing with these piles of excrement. I call it a “Manifesto for Change”. Any political party which commits to these proposals gets my vote. If not, then why do we not create a party that will?

I am 79 years old and include myself in that category of people who are frustrated, yet unable individually to make a difference. I invite expressions of interest and support from those who are willing and able. As a former lobbyist, I will be producing an action plan for discussion amongst those who join the group.

# 2 The Economy

Australia, like other western developed countries, has in recent decades adopted the economic ideology of Neo-Liberalism with trickle-down economics at its centre. The result has been low productivity, falling real wages, insecure employment and soaring profits to the point, where economists report that Australia’s inflation is “profit driven”. The inevitable results of this confluence of factors have seen billionaires experiencing exponential growth in wealth, and the poor getting significantly poorer.

The government has only two policy options with which to influence economic activity. These are monetary policy and fiscal policy. Monetary policy has been outsourced to the Reserve Bank of Australia which, with its dual aims of full employment and controlled inflation, uses the blunt tool of interest rates to control inflation. Little, or no attention has been given to its other priority of full employment. Indeed, the RBA governor has said that unemployment must rise to reduce inflation.

However, the government, through fiscal policy, has a much wider set of levers with which to influence economic conditions. Principle amongst these is taxation reform, an area fraught with political danger. Because it is difficult, and because of the short electoral cycle, big taxation reforms are often put into the “too hard” basket. However, a fact overlooked by most people is that any taxation concession, no matter who the recipient, is funded through taxation paid by others. Furthermore, once a concession is made, it is extremely difficult to remove it, without the misleading accusation that its abolition represents an increase in taxation.

It is therefore most unlikely that either of the two major political parties have it in them to undertake major reform. It therefore falls to us as voters to bring about these changes. There are three aspects of taxation reform, which, if implemented, would release billions of dollars for more appropriate use in the economy.

## 2.1 Tax concessions to the wealthy.

### 2.1.1 Negative gearing

There are over 1 million vacant properties in Australia. One's permanent place of residence is exempt from CGT, a rock that would be harder to shift than Uluru. Investment properties on the other hand, qualify for negative gearing, which allows the deduction of expenses from income (mainly rent) received as a tax offset. Many Australians, including many federal politicians, take advantage of this concession – one politician from Queensland is alleged to have 42 negatively-gearred properties. A substantial proportion of negatively geared properties are for existing infrastructure and are frequently used for short term rentals or remain vacant whilst accumulating capital gains.

#### **Recommendation 1**

**That negative gearing be restricted to no more than five, newly-built, tenanted properties.**

### 2.1.2 Capital Gains Tax

An individual's permanent place of residence is exempt from CGT – and as it encourages ownership should not be altered. There are many concessions available to individuals and companies in the calculation of CGT. For instance, small businesses are allowed “instant asset right off” for semi-permanent assets required to undertake business. Any individual or company which owns an asset for over 12 months can discount the CGT by 50%. Assets held for over 15 years attract zero CGT. Companies are allowed to offset capital gains with capital losses incurred by the company. A full review of the taxation system should take these matters into account.

### 2.1.3 Superannuation. (TBC)

Just 0.5 per cent of people with super funds have balances over \$3 million, but earlier modelling suggests the 30 per cent tax rate could apply to 10 per cent of super savers within 30 years, without indexation.

### 2.1.4 Franking Imputation Credit Refunds.

Imputation credits, also known as franking credits, are tax credits that allow Australian companies to pass on tax paid at the company level to their shareholders. Franking credits can then be used to help reduce individuals' income tax paid on dividends or potentially be received as a tax refund. The cost of this concession each year to the community is larger than the whole of Commonwealth expenditure on public education. Just let that sink in and for a while.

#### **Recommendation 2**

**The original concession of allowing franking imputation credit refunds was to avoid double taxation on company profits. In more recent years this aim has been diverted to allow shareholders to receive credits for taxation they have not paid.**

**The system of franking imputation credit refunds should be abolished immediately.**

### 2.1.5 Tax cuts for the wealthy

Stage 3 of the former government's Personal Income Tax Plan is scheduled to come into effect from 1 July 2024 and will provide a tax reduction to taxpayers earning greater than \$45,000. – the threshold for the 45 per cent tax rate will be increased from \$180,000 to \$200,000. On election, the Albanese government committed to implementation of the Morrison government taxation plan. However, economic circumstances have changed substantially over the intervening period, and given the economic hardship being experienced by ordinary Australians, it is obvious that large tax cuts for the wealthy inappropriate.

#### **Recommendation 3**

**The stage three tax cuts should be amended immediately to allow relief for lower income taxpayers, without providing windfall benefits to the wealthy.**

*It is noted that the Government is scheduled to make an announcement to implement measures to satisfy this recommendation on the day of writing this clause – 25 January 2024.*

### 2.2 New Taxes on wealth

Any review of the taxation system should not only review cuts and concessions but should also examine opportunities to increase tax where appropriate. The following areas have been identified as having this potential.

#### 2.2.1.1 International tax havens

Frequent reference is made to the use of Tax Havens by the wealthy, such as the Cayman Islands, to avoid tax.

#### **Recommendation 4**

**The use of off-shore tax havens should be investigated and closed to encourage companies to be “good citizens”.**

#### 2.2.1.2 International tax avoidance

Many global companies operating in Australia, as well as some large Australian companies, shift income and capital around the world to destinations with lower tax rates. Others use the ruse of transfer pricing to evade taxation in Australia. These practices remove from the budget funds which otherwise have to be paid by tax- paying Australians.

#### **Recommendation 5**

**International tax-avoidance loopholes must be closed and tax levied where it is incurred.**

#### 2.2.1.3 Super-profits tax

Companies, particularly in the mining sector, and often internationally owned, reap super profits from their use of Australia as a quarry. The benefits of these profitable enterprises end up in the pockets of shareholders overseas.

#### **Recommendation 6**

**Australia should follow the lead of other countries such as Norway and impose super profit taxes on the extraction of natural resources.**

#### 2.2.1.4 Remove avoidance loopholes

Finally, with regard to tax evasion, it would appear that any profitable company with access to well paid high profile, accountancy firms, is able, through some financial algorithms, to pay zero tax.

### Recommendation 7

**Tax evasion loopholes must be outlawed.**

### 2.3 Non-inflationary fiscal intervention

The government should be congratulated on its attempts to ease the cost pressures on the family budget.

These are being achieved through a combination of:

- Specific subsidies, such as power bill, relief, and allowances to families and the infirmed
- Support for the Fair Work Commission to increase the level of real wages to offset the effects of profit driven inflation.
- Regulation where companies are found guilty of anti-competitive activities, such as price, gouging, etc.

## 3 The media

In 1985, author Neil postman published a book “Amusing Ourselves To Death” subtitled “A public discourse in the age of show business”. The book was written before the arrival of the Internet or social media and focused on the impact which television has had on the community. Postman’s description of the impact of television is akin to the surrender of humanity to entertainment and subtle mind control described in Huxley’s book “Brave New World”. Since then, TV has been joined by the Internet, smart phones, smart TVs, social media, and an infinite variety of new ways of communicating. One only has to watch commercial television for 10 minutes to realise how much our minds have been dumbed down by the puerile offerings of the media. Today, whether it be politics, public, discourse, news, reports, religion, even warfare - all have become forms of entertainment to be followed in real time by the audience. Like the Buddhist story of the live frog being placed into a pan of cold water, which is slowly heated to boiling point. By the time the frog realises the inevitable it is too late for it to escape. A cautionary tale for all.

Postman’s concluding sentence, acknowledging the foresight of Huxley, ends with “... What afflicted the people in Brave New World was not that they were laughing instead of thinking, but that they did not know what they were laughing about, and why they had stopped thinking”. Does this sound familiar?

The populist pap produced by a lazy media, such as reality TV shows, survivor, Big Brother, travel, cooking, garden, housebuilding demonstrations, etc. may seem more attractive to viewers than say basketweaving in the outer Hebrides. However, most viewers today would not even know the existence of the outer Hebrides.

How have we arrived at this position? It is a long and complex story well beyond the scope of this document. However, when media turns entertainment into political influence, misinformation and outright lies, it becomes a matter of great concern. To any reasonable observer in Australia, this

describes the current media scene in our country with ownership concentrated among a few moguls and journalists following the instructions of their ideological masters. A dumbed-down public appears oblivious to the intent of these media owners and assume that if it appears in the paper or on television, it must be the truth.

Of particular concern are the continuous attempts by coalition governments to defund the national broadcaster (ABC), aided and abetted by blatantly partisan, commercial media, and faux research think tanks such as the Institute of Public Affairs (IPA). One TV channel in particular – Sky News – owned by News Limited is the playground of demented commentators constantly criticising the labor side of politics. Interestingly, however, referred to as “sky at night“, their national audience rarely exceeds 40,000 which is minimal by general broadcasting standards,

How can these issues be addressed?

### **Recommendation 8**

**A Royal Commission into all aspects of the media in Australia.**

**Legislation to expose, abolish and punish blatant misinformation and lies.**

**ABC:**

**Review and affirm the ABC charter to ensure independence, fairness, and impartiality**

**Replace key management.**

**Restore funding.**

## **4 Political influence and corruption**

In a survey of trust in professions undertaken in 2021, federal politicians were ranked 18 out of 27 professions surveyed, falling between union leaders and radio announcers. It is of concern when our opinion of our lawmakers is so low and apparently showing no signs of improvement.

Once again, the media are complicit in fostering this opinion. No matter which side of politics one supports, it appears to be the media's role to expose them as liars or fools – gotcha journalism – the mud sticks.

Nevertheless, there are many examples which support this proposition. One only has to read reports from the New South Wales ICAC to see that corruption occurs on both sides of the political ledger. Politicians have become adept in normalising practices which are not available to normal members of society. These include nepotism in the appointment of “mates“ to tribunals and plum overseas postings. Non-competitive tenders have been won by companies with no assets and zero experience but which, which donate to political parties. Examples of political interference to secure funding for electorate-specific projects abound. Pork barreling has reached new depths with the notorious example of colour-coded spreadsheets favouring the distribution of grants to coalition electorates. There are many other examples. Politicians from all sides of parliament, use their daily expense allowances to their own advantage by, for instance, paying rent for a property in Canberra, which is conveniently owned by their spouse. The use of electoral allowance such as office printing perverted into election material. The use of Parliamentary travel allowances for private purposes, such as attending sporting events, party functions, private events or to purchase properties are commonplace.

Clearly, there is a perception if not a reality of corruption at the federal government level.

The Albanese government created the NACC in order to expose and root out corrupt activities. Since its establishment a year ago little has been heard of its activities

In order to stem and reverse these trends. I propose that the following be implemented.

## **Recommendation 9**

**Ban all political donations.**

**Scrutinise, expose and bring to account inappropriate, lobbying activities.**

**Ban porkbarrelling of any sort.**

**Expose and ban nepotism with a return to appointment by merit.**

**Maintain funding for the NCAC and require it to conduct public hearings and produce progress reports.**

## **5 Public ownership of critical services**

The onset of neoliberalism in Australia has seen the gradual privatisation of previously owned government entities. The Commonwealth Bank was the first to go followed by Qantas in 1992 and Telstra in 1997. State governments have followed suit by privatising electricity provision and some health services. Other forms of privatisation have been achieved through outsourcing government services– for instance, the closure of the Commonwealth Employment Service (CES), privatisation of vocational, training and even prison and detention centres. As a former serviceman I cannot understand how our defence establishments find it necessary to employ private security companies to act as guards – surely a basic requirement for our defence force.

Selling government assets and services come from two sources. Either it is an ideological necessity to achieve the aim of small government and a prosperous private sector, or it is to apply the proceeds of the sales to lower government debt or fund government services. Either way these have only short-term benefits.

In many cases the result is the transfer of a monopoly service into private hands.

It is not surprising that privatised industries, which owe first allegiance to their shareholders deliver monopoly pricing, reduced services and reduced efficiencies bringing harm to the economy. Once the profits of such enterprises were available to the community through government ownership; now they are not.

## **Recommendation 10**

**That Commission be established to investigate the potential for bringing previously privatised entities back under government control – particularly those services which are deemed essential and vulnerable to external forces.**

## **6 Multiculturalism and the Australian identity.**

There is a shift to the right in politics around the world, with the election of populist Conservative leaders in several western countries.

Australia likes to prides itself in being the “most multicultural country in the world“. Recent experience challenges this view and raises the prospect of the rise of fascism in as a by product of neo-liberalism. Faux nationalism is alive and well in Australia with the use of flags at demonstrations, (even the Merchant Navy’s Red Ensign), accompanied by brutish behaviour at demonstrations and sporting events.

The Penal Colony of New South Wales was founded on 26 January 1788. In recent t date has been celebrated as “Australia Day“. The Commonwealth of Australia was actually founded on 1 January

1901. The behaviour of the flag-waving Australia Day devotees, suggest that the DNA of our convict ancestors runs deep within Australian society. Each year, rather than being celebrated it has become to subject of angry discourse to the point where this year the Opposition Leader encouraged the boycotting of a major grocery retailer for not stocking Chinese-made Australia Day paraphernalia.

Australia's response to the recent referendum on "The Voice" and subsequent opposition to a Treaty or Truth-telling suggests that racism festers beneath our multicultural veneer. These views seem to be hardwired in some sections of the community. Divisions exist within families and among friends.

However, extremism of any variety is another matter and must be rooted out.

### **Recommendation 11**

**Given Australians' opposition to The Voice referendum, the government should now legislate its establishment.**

## **7 International relations**

Australia's relations with the rest of the world fall into three categories; diplomacy, trade and defence. Foreign affairs and Trade fall beneath one portfolio while Defence exists separately. However, given the complexity of world affairs all three facets of international relations should be coordinated.

### **7.1 Foreign affairs**

Situated geographically away from most of the world's centres of conflict, Australia is in a unique position to present an independent, non-aligned political face to the world. Historically, we have allied ourselves with the British, indeed our Constitution still requires the British Monarch through his agent in Australia, the Governor General, to approve all Australian parliamentary legislation. In recent decades with America's rise as a superpower, Australia has been drawn into its sphere of influence and most of Australia's foreign policy now emulates the US model.

This has resulted in a defensive approach to the rise of China as a major economy and its increasing influence in our region. The US despite, its domestic troubles, still sees itself as the "leader of the free world". This places Australia in a very difficult position as a major power in Asia and the Pacific. The US alliance requires us to plan for defence against disruption of our trade routes by the very country with which we have most trade! Because of this fear, the use of foreign aid has been perverted into a weapon of diplomacy rather than assistance to the disadvantaged, particularly in the South Pacific.

The issue of Taiwan illustrates Australia's dilemma. Both the US, Australia and many other countries have what is known as the "One China Policy" which acknowledges that Taiwan is an integral part of China. However, in day-to-day dealings, both countries provide support to Taiwan's independence and its defence, to the annoyance of China. The position is kept deliberately vague to avoid having to confront the reality.

### **7.2 Trade**

Australia's largest trading partner by far is China. Thanks to our remote geographic location Australia is a trading nation, profiting mainly through the export of raw materials and primary industry such as grains and livestock. Australia has many trade agreements both bilateral and more recently multilateral. Its trade agreements with China are the most important and potentially most vulnerable making Australia's economy dependent on economic activity in China.



International relations should be undertaken to enhance rather than diminish Australia's prospects for growth in trade with other countries.

### 7.3 Defence

As technology develops and international events occur, Australia's original division of defence into Navy, Army and Air Force is becoming more blurred. Each part of the ADF provide some services which might appear to overlap with another service. The increasing importance of intelligence and cyber-security has further brought the services together.

History would indicate that the record of defence procurement of military assets has been less than ideal with cost overruns and performance deficiencies the norm. The Morrison Government, subsequently endorsed by the Albanese Government, has embarked on a massive defence expenditure program particularly under the recently-established AUKUS arrangement. AUKUS brings together Australia the UK and the US into the development of a nuclear submarine programme for Australia amounting to well over \$300 billion over the next few decades. This decision follows failed attempts to acquire submarines, first from Japan and then from France leaving large broken-contract compensation to be paid by Australia. It is unlikely that the first nuclear submarine, a model from the US, will arrive in Australia before the end of the decade. Meanwhile there is already evidence of a "AUKUS gravy train" lining up to take advantage of the opportunities offered by this decision - mainly in the US and the UK with little short term opportunities in Australia.

Apart from the strange concept of Australian nuclear submarines defending our trade routes with China against attack by China, it has been estimated that at best only three nuclear submarines would be operational at any one time. For the same amount of money, many conventional submarines could be purchased with the possibility of at least 15 being operational at any one time. Furthermore, unmanned submarine drones are already being developed which have the potential to make manned vessels obsolete by the time we receive them.

Australia's attachment to the US defence industry is being cemented with consequences for Australia's sovereignty. US bases already exist in Australia at Pine Gap and WA. It is now proposed to build a large nuclear submarine base possibly in WA or even at Port Kembla. Darwin is used as a military base by over 2000 U.S. Marines on rotation (despite the port of Darwin being leased to a Chinese company!) and Air Force facilities are being expanded to take large US nuclear bombers. Australia risks becoming a de facto US state leaving us as a prime military target in the event of any conflict.

#### **Recommendation 12**

**That Australia adopt a non aligned independent approach to foreign policy**

**That foreign policy focus on diplomacy rather than provocation**

**That foreign aid be based on needs rather than political strategy**

**That AUKUS be abolished**

**That the nuclear submarine project be cancelled and other forms of defence be considered**

**That defence procurement be investigated to ensure value for money and performance**

David Kindon

25 January 2024