

Address provided to PM

Tony Abbott, Prime Minister
Parliament Office. PO Box 6022
House of Representatives.
Parliament House, Canberra ACT 2600

Dear Prime Minister

UPDATE AND EXECUTIVE SUMMARY of Taxation Reform Presentation alternative to the 2014 Federal Budget which will enable you to keep your Pre-Election Promises to the Electorate and total Australian Community

I have not had a written acknowledgement and response to my letter of the 13 July 2014 and enclosures. As a common courtesy please provide these to me.

Since the 13 July 2014 I have become aware of the following:-

1. The B20 Australia 20 Recommendations.
2. The BRICS Nations Summit 14-16 July 2014 and Agreement.
3. The proposition of 'Bank Bail-In' of depositors' monies as unsecured creditors.

In respect of (1) and (2) I have UPDATED, as at 31 July 2014, the TAXATION REFORM PRESENTATION sent to you undercover of my letter of the 13 July 2014 and provided an EXECUTIVE SUMMARY as at 31 July 2014. Please read the enclosed documents.

As regards (3) I have commented on this in the 'UPDATE' under Part A item 3 on pages 2 and 3. If 'Bank Bail-In' Legislation is under consideration by your Government this demonstrates that your Government either does not know/understand or does not want to know/understand the real causes of the GFC and the Australian Financial Crisis which forced the Government to guarantee Depositors' monies. I presume that the Government does not know/understand the real causes and therefore does not know/understand how to solve this Australian Financial Crisis. Resorting to 'Bank Bail-In' is not a solution but an act of desperation doomed to fail because it is corruption of ethics and turpitude of morals which are foundation stones of our Australian Christian Society. I will shortly send to you a 'FINANCIAL REFORM PRESENTATION, detailing how to resolve the Australian Financial Crisis without 'Bank Bail-In'. This should result in a more effective and efficient, financially sound Banking/Finance/Insurance Industry in Australia giving confidence to all Australians.

You have the opportunity to keep your Pre-Election promises to the Electorate and wider Australian Community to become Australia's longest serving Prime Minister. You will be able to provide new opportunity to all Australians to raise their standard of living, whilst placing Australia in a position of significant influence around the World.

Yours sincerely

Derek Smith CA
Australian Citizen.
Enclosures

1. UPDATE, 31 July 2014, of the TAXATION REFORM PRESENTATION.
2. EXECUTIVE SUMMARY 31 July 2014.

EXECUTIVE SUMMARY OF TAXATION REFORM PRESENTATION TO THE PRIME MINISTER TONY ABBOTT including NEWS FLASH re BRICS Nations' Agreement July 2014

All Australians are waiting for a Prime Minister who will keep their Pre-Election promises.

The economic challenge facing the Government and all Australians is also faced by all Democracies and their peoples because The World Economy is out of balance with grave threat to World Peace.

1. Over the past 30 years Western World Democracies, including Australia, in their quest for Economic growth and wealth, have enabled China –
 - a. to milk jobs and cash from their Economies by overpriced exports, on average about 30%, into their Economies;
 - b. to use its volume/price mix advantage to dominate trade and cash flow;
 - c. to accumulate cash for ownership and control over Western World Democratic Economies and Communities by buying up land, infrastructure, and businesses i.e. in Australia, Middle East, Africa, South America., etc;
 - d. to unbalance the World Economy with the scales firmly set in China's favour;
 - e. take the lead in the July 2014 BRICS Nations' Agreement, 45% of the World Population, to directly challenge Western World Democratic Economies, only 16% of the World Population.
 - f. with 19% of the World Population and the BRICS Nations' Agreement, to fast-track future growth and wealth by milking jobs and cash from the Economies of India, South Africa and South America, 24% of the World Population.
2. Independent Western World Democratic Economies, now only 16% of the World Population, are 'Blinkered' by acknowledging that 'Made in the World' is the reality of modern global trade. This plays into the hands of China. History shows that free trade and low taxation are the real triggers for growth, wealth, ownership and control, which provide high living standards across a Community and commitment to peaceful co-existence. A job is the best form of welfare and recipe for peaceful co-existence. Examples –
 - a. Britain in the second half of the 19th Century; and
 - b. West Germany in the late 1940s and 1950s.
3. The Taxation Reform Presentation sent on 14 July 2014 **only** to the Prime Minister Tony Abbott provides the opportunity to –
 - a. Australia, only 0.3% of the World Population, to start the economic ball rolling in the Western World Democratic Economies to create growth (trade), wealth (cash), and ownership and control, to return balance to the World Economy and remove the pressing threat to World Peace;
 - b. B20 Australia Members' businesses and all Australian businesses, large to small, with reduced operating costs including labour and capital goods and low taxation, to domestically and internationally trade a volume/price/intellectual property mix competitive advantage over other Nations' Economies, in particular the BRICS Nations, for growth, wealth, ownership and control of their businesses;
 - c. all levels of Australian Government to budget for surpluses and cash accumulation for infrastructure renewal and development including new regional cities etc for sustainable population and economic growth; and
 - d. all Australians to engage fully in the workforce for a higher standard of living and lifestyle in keeping with their expectations in the Lucky Country.

I trust all Australians will actively support the Taxation Reform Presentation.

UPDATE OF THE TAXATION REFORM PRESENTATION to Tony Abbott, Prime Minister sent under cover of a letter dated 13 July 2014

This Taxation Reform Presentation is **an alternative to the**

1. 2014 Federal Budget and State/Territory Budgets;
2. National Commission of Audit 2014 ten core principles for Good Government;
3. B20 Australia twenty recommendations to the G20; and **a counter to the**
4. BRICS Nations' Agreement July 2014 – Fortaleza, Brazil.

As explained below I believe the implementation of the Taxation Reform Presentation to be an URGENT/IMPORANT imperative for all Australians and time is of the essence.

NEWS FLASH 14-16 July 2014 BRICS Nations Summit – Fortaleza, Brazil.

The BRICS Nations, 45% of the World Population, Agreement on Trade and Trade Facilitation, including currency of settlement, is a direct challenge to Western World Democratic Economies, 16% of the World Population. This Agreement will accentuate the imbalance in the World Economy and hasten the grave threat to World Peace. The population of India, South Africa and South America, 24% of the World Population, will be milked, as presently in Australia, of jobs and cash by China and Russia, respectively 19% and 2% of the World Population, by overpriced exports to these unwitting economies/populations.

The volume/price mix of World Trade is the means by which the Non-Democracies, led by China, are progressively dominating trade/cash/ownership/control of the World Population. The Russians still think they can look after themselves and cling to conventional warfare for ownership/control of Communities i.e. population. They are hedging their bets by siding with China.

The independent Western World Economies, now only 16% of the World population, have got the Blinkers On by acknowledging that 'Made in the World' is the reality of modern global trade.

Free trade and low taxation were the triggers which created unprecedented growth and wealth in: -

- Britain in the second half of the 19th Century; and
- West Germany in the late 1940s and 1950s.

The Taxation Reform Presentation provides the opportunity to Australia, only 0.3% of the World Population, to start the Economic ball rolling in the Western World Democratic Economies to create growth (trade), wealth (cash) and ownership/control, to return balance to the World Economy and remove the pressing threat to World Peace.

The Taxation Reform Presentation is consistent with, please read below, the four high impact B20 recommendations and should, within its first year, generate the B20 target of \$3.4 trillion in GDP growth and create 50 million jobs in the Western World Democratic Economies. Note: Population 2,826 million with 0.5 million new jobs created per 20 million population = 70 million new jobs.

Update of the opportunity to the Prime Minister, provided by the Taxation Reform Presentation, to become Australia's longest serving Prime Minister by providing new opportunity to all Australians to raise their standard of living, whilst placing Australia in a position of significant influence around the World.

Part A. The focus of the Taxation Reform Presentation; and

Part B. A brief analysis of how the Taxation Reform Presentation addresses, should facilitate, and bring to fruition, the B20 Australia list of '20 recommendations for structural flexibility - free movement across borders - consistent and effective regulation - integrity and credibility in commerce'

Part A. The focus of this 'Presentation' has been set by the following -

1. In the early 1980's, from my on-the-job experience as a Chartered Accountant in the Profession and in Industry and Commerce, I became deeply concerned for the direction of the Australian Economy and the adverse economic impacts of the Australian Taxation System and its future direction. In May 1985 I sent a Green Book "Taxation Summit Presentation" to Prime Minister Bob Hawke. Over the subsequent 30 years, successive Prime Ministers and Governments have brought their Economies and Peoples to their knees.
2. In making my "Taxation Summit Presentation" in 1985, I was aware that Economic and Financial Policies and Practices are inextricably linked. However I did not specifically address the Finance Industry impacts on the Economy because, at that time, the Australian Banking/Finance/Insurance Industry isolated and treated as sacrosanct their 'Treasury Funds' i.e. depositors' monies. These funds could not be speculatively traded, pledged, securitized or otherwise put at risk. 'Treasury' was NOT a profit making sector of the Banks etc. Also Government, Regulators, International Accounting Standards and Practices, and Auditors protected the security of depositors' monies.
3. In the late 1980's early 1990's with the deregulation of the Banks/Finance/Insurance Industry I became aware, including from on-the-job experience as the Chief Financial Officer of a State Government owned Bank, that 'Treasury Funds' i.e. depositors' monies are no longer sacrosanct and are speculatively traded, including use of derivatives and derivatives trading, with 'Treasury' being used as a profit sector of Banking etc operations. The Government, Regulators, a different interpretation of International Accounting Standards and Practices, and Auditors allowed this to happen without the knowledge and consent of depositors whose monies are now used in open-ended speculation and risk of loss. This inevitably brought about the continuing Financial Crisis which will NOT come to an end until 'Treasury Funds' i.e. depositors' monies are made sacrosanct by Government, Regulators, International Accounting Standards and Practices, and Auditors. Unknowingly depositors now face the risks of 'Bank Bail-In' legislation which will enable

Banks etc. to use depositors' monies to settle Bankers' losses so that Depositors, as unsecured creditors, will not be able to get their money out of the Banks etc. The planned "Bank Bail-In" legislation is corruption of ethics and turpitude of morals. It will not solve the Financial Crisis. To find the solution the problem must first be understood in detail. From my on-the-job experience, Court Proceedings and subsequent correspondence with the RBA, ICAA, etc. I am aware of a solution, which I perceive has not been found by Government.

4. Because the Prime Minister and Government and State/Territory Premiers and Ministers and Governments are under pressure from the Electorate and Media to keep their Pre-Election Promises to first balance their Revenue and Expense Budgets and then make surpluses to pay off Debts, I decided to limit to "Taxation Reform" the focus of my 'Presentation' to the Prime Minister. Subject to the response from the Prime Minister I will be making to him a 'Presentation' on 'Financial Reform'. My motivation for this work is my love of Australia and my deep concern for the decline in the living standards, lifestyle and democracy of Australians, including our family of 3 children and four grandchildren and generations to come. Australia and Australians have it 'all' the only impediment to enjoying it is Government. It is time to take the Economic Blinkers Off our PM and Government.
5. To find the solution to the Economic Crisis in Australia, the problem must first be understood in detail. It is evident from the National Commission of Audit Report 2014 "Towards Responsible Government" and its 10 core principles for Good Government, the Federal/State/Territory Revenue and Expense Budgets for 2014 with forecast to 2016-17, and the B20 Australia 20 Recommendations, that the PM etc and Governments in Australia do not understand the detail of the Economic Crisis and therefore do not have the solution. In fact what they plan for the Electorate will cripple the Economy, Electorate and all Australians.
6. I have applied my study, training, qualification and experience, in all 54 years, to understanding in detail, the Economic Crisis in Australia as follows -

The World Economy is out of balance with grave threat to World Peace – The World Economy comprises –

- (i) Democracies with freedom of choice for the individual either by their own means or by Government funded Social Security with Poverty Safety Nets.
- (ii) Non-Democracies with limited or no freedom of choice for the individual by any means and little or no Poverty Safety Nets.

The prices of the goods and services produced by Democracies are inflated by the cost of funding all levels of Democratic Government and their Social Security

Programmes and Poverty Safety Nets. All Government Revenue of all levels of Government finds its way into the prices of all goods and services to inflate these prices for all consumers. As a consequence when Democracies trade with Non-Democracies competition is out of balance with Democracies unable to compete against the lower prices of goods and services of Non-Democracies.

When Non-Democracies export to Democracies their goods and services are priced at the inflated prices of the Democracies less a margin to get the business. This export pricing yields super profits and super cash flows for Non-Democracies, in the hands of Government including State Owned Enterprises and in the hands of select private sector entities and individuals. This unbalanced Global distribution of wealth (cash) perpetuates Non-Democracies and enables the accumulation of super cash flows from exports to fast-track (over 10 years what Democracies took 100 years to achieve) spending on industrial and urban development, centralization and control of population and for investment in the Strategic Assets of Democracies including land, infrastructure and businesses.

Democracies have exported jobs and super cash flows to Non-Democracies which has put the World Economy out of balance with grave threat to World Peace.

The economic challenge facing Australia for good Government in a World Economic context is to –

1. abolish all taxes on labour and those who employ labour. By the amount of these abolished taxes, reduce the prices of all Australian goods and services so that the prices of all imports into Australia (based on Australian prices less a margin to get the business) are similarly reduced. This is to put a STOP on the present export of Australian jobs and super cash flows to Non-Democracies and STOP the investment of these super cash flows by Non-Democracies in the Strategic Assets of Australia including land, infrastructure and businesses;
2. hold at their existing rates etc., take-home-pays and other net of tax incomes, profits and gains and savings including superannuation, so that they have increased purchasing power to buy more goods and services. This includes the purchase of Government goods and services at lower prices, reduced by the abolished taxes;
3. take up the increased purchasing power in (2) by shifting, on a user pays basis, the payment for goods and services from the Public Sector to the Private Sector which will cut the cost of all levels of Government in Australia;
4. equitably, effectively and efficiently fund the substantially reduced cost of Government to protect the reduced prices of all goods and services as in (1); and

5. put Australia's most Valuable Asset, its Working Age Population, to full productive use to generate wealth to protect the Strategic Assets and Democracy of Australia and the standard of living of all Australians.
7. The 'Taxation Reform Presentation' to the Prime Minister is an alternative to the Federal Revenue and Expense Budget 2014 with flow-on effect to the Revenue and Expense Budgets 2014 of the States and Territories. My expectation is that it will enable the Prime Minister to keep his Pre-Election promises from Revenue and Expense Budget surpluses and debt pay-off. Critically it will provide to all Australians opportunities for employment, the best form of welfare, a higher living standard and lifestyle secured by a fully functioning Democratic Australia.

Please read, in the context of the above, Part B on the following pages. The responses in Part B are focused on Australia but are likely to similarly apply to other Nations that adopt the Taxation Reform Presentation

Part B. A brief analysis of how the Taxation Reform Presentation should bring to fruition the B20 Australia list of '20 recommendation.

B20 Australia list of recommendations

To promote structural flexibility, all G20 governments should:

1. Rapidly implement and ratify the Bali Trade Facilitation Agreement and provide capacity-building assistance and financial support for developing world trade partners to do the same.

Recognition that the World Economy is out of balance and adoption and implementation of the Taxation Reform Presentation as the means to bring back balance to the World Economy would put into appropriate context the critical importance of implementing the Bali Trade Facilitation Agreement. History says that the Nation/Businesses with the best Trade Agreements, Documentation, Processes, and Relationships will out-perform others. There has to be ongoing investment, including in intellectual property, and continual improvement to stay ahead. In Britain, in 1848, free trade was followed by 50 years of growth and wealth. Britain became Great Britain. The Taxation Reform Presentation should provide the Australian Government and Industry with the financial and intellectual resources, and competitive two-way trade capacity to lead in Trade Facilitation and in assisting developing world trade partners. Note: Viable business does it best, NOT government, which invariably drags its feet in Trade Facilitation.

2. Develop country-specific supply chain strategies and address supply chain barriers through domestic regulatory reform and infrastructure investment.

Implementation of Part A and natural competitive advantages should provide Australian industry with an internationally competitive volume/price mix for its exports of goods and services. Similarly production for domestic consumption should have a new competitive advantage over imports. Australia should also have the resources to support R&D, innovation and related new infrastructure to deliver products and services which meet the expectations of high-tech generations now and in the future. Through education, the Media and early experience in life young consumers are selective in what they buy, and focus on the products and services which best meet their needs. If an imported product or service is perceived to be better and at a competitive price, then their purchasing behavior will create country-specific supply chains. The implementation of (1) above, the growth in internet trade, and highly developed International Freight Operations will force regulatory reform and infrastructure investment. The Country that does it best will get the business, but will only hold the loyalty of consumers if they stay on top in the supply chain. Kodak is an example of how to lose the top spot in the supply chain. Apple is an example of how to secure the top spot.

3. Reaffirm the critical importance of infrastructure – and private investment in infrastructure – and set specific five year investment targets aligned to a national strategic vision.

Implementation of Part A should enable all levels of Government in Australia to budget for Revenue and Expense surpluses without intervention into Private Sector growth, wealth creation and savings. The pay-off of all Government debt within 3 years and a vibrant Private Sector will give the confidence and means to all Government to focus on infrastructure renewal and development including new regional cities for population distribution and growth. Example: A new city at Port Clinton on the Queensland Central Coast with a harbour capable of berthing the largest ships afloat. High speed freight trains, minimum 400 km's per hour for transport of coal and other product for value-adding and export. The high speed passenger trains to transport workers, average journey less than 1 hour, from their homes in new coastal housing developments, with all the infrastructure i.e. schools, shops, etc., of a high standard in keeping with a high standard of living and lifestyle centred on the family. (No fly-ins and periods away from family, and adverse impacts on family life). The industrial sector of the New Regional City to include a high tech steel works with iron being delivered by sea from WA. A similar New Regional City to be built in WA with coal shipped from Queensland.

4. Establish, publish and deliver credible national infrastructure pipelines that have been rigorously assessed and prioritised by independent infrastructure authorities, and which take full advantage of private sector finance and expertise.

Implementation of Part A should give confidence to the Public and Private sectors to PLAN for national infrastructure and supporting resources, i.e. trained human resources, in the knowledge that these plans can come to fruition. Example: New high speed passenger and freight trains, minimum 400 km per hour, to crisscross Australia linking the Capital and Regional Cities, resource development areas and ports. All Government should have the incentive to facilitate these developments and NOT put bureaucracy as impediments. Note: Throughout my years in business, it is only in recent years that I have experienced a sound business development being stopped because of lack of finance i.e. Electricity Generation Power Stations fueled by household and commercial waste to generate Green Electricity. This adding value to waste by generating Green Electricity is consistent with the Federal Government's "Direct Action Policy to reduce Greenhouse Gases" but does not get the 'Green Light' from Bankers.

5. Establish an Infrastructure Hub with a global mandate to disseminate leading practice to facilitate the development and delivery of pipelines of bankable, investment-ready infrastructure projects.

With the low tax incentive of the Taxation Reform Presentation, the million or more Australians living and working overseas will have job opportunity to return to Australia. Their overseas work experience and knowledge including in high tech infrastructure projects will support the fast-tracking of leading practice developments. These Australian workers will have the satisfaction and pride in knowing that they are helping to build a financially strong Australian Democracy which will place Australia in a position of significant influence around the World.

6. Establish a national innovation agenda and pipeline with supporting structural reforms.

Implementation of Part A will free up substantial 'Grey Matter' in Australia presently preoccupied in inequitable, ineffective and inefficient Government and Speculative Trading to earn a living. Australians have a proven capacity for innovation but inevitably the beneficiaries are outside Australia. With low tax incentives and no tax on savings, Australian 'Grey Matter' can come to the fore supported by self or local funding and opportunity for fully funded business development and commercialization at home and abroad of their innovations i.e. keeping the benefits in Australia to help build a financially secure Australian Democracy.

7. Increase the level of alignment and responsiveness between the learning ecosystem and workforce needs.

Implementation of Part A should create a demand for skilled labour. Also provide businesses across all industries with the financial means to take-on and train on-the-job a new generation of skilled, productive, confident workers committed to making their way in the world without the financial support of Government.

Also substantially reduce the costs and fees of higher/university/trade education and training. The increase in purchasing power of take-home-pays and savings will encourage Australians to commit to high-level workforce skills for better pay with a low rate of tax. This demand will stimulate those providing Education and Training to raise their standards to best Global practice. The Taxation Reform Presentation should empower Australia's greatest asset 'its working age population' to fully engage in the workforce to raise their living standard, lifestyle and confidence in their future.

8. Remove barriers inhibiting entrepreneurs from starting and growing businesses.

Implementation of Part A should provide the opportunity to prospective entrepreneurs to accumulate equity, no tax on savings, to start their business and low operation costs including of labour, interest and taxation, and low selling prices should enable their business to establish a foothold in existing or new markets. A relatively low value of the Australian dollar will assist entry into export markets and protection against imports. There should be a golden opportunity to succeed compared with the overwhelming impediments which currently exist and stifle new entrepreneurs and new start-up businesses.

9. Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets.

Implementation of Part A will reduce direct labour costs to existing take-home-pays. Award/Contract rates to be set at these reduced rates. These pays and any additional income only taxed at a low rate will have increased purchasing power from the lower prices of all goods and services including housing, shopping, education, health, transport and all items in the measure of CPI and low interest rates. Initially the CPI will deflate and then, with interest rates, should stabilise at a significantly lower rate. Opportunities for increased working hours and pays, and higher skilled and paid jobs will facilitate flexibility, adaptability and mobility of labour. New Regional Cities in coastal and inland areas with high standard lifestyle housing in keeping with Australians' expectations, at an affordable price compared with today's high price ratio to incomes. High speed passenger trains as in (4) with affordable fares and linking Capital, Regional Cities and large scale production worksites and areas will attract the migration of population out of the overcrowded high cost Capital Cities. The New Regional Cities should accommodate population growth where there are jobs producing value-added goods and services for domestic consumption and export. Potentially the whole of Australia should become a low cost export zone to make the most of Australia's natural resources and advantages.

To promote **free movement across borders**, G20 governments should:

10. Reinforce the standstill on protectionism and wind back barriers introduced since the implementation of the standstill, especially non-tariff barriers.

Implementation of Part A should enable Australia to compete at home and abroad in an open free trade market. When this happens exporters to Australia will have to sharpen their pencils and reduce prices. Present indicators are that average prices of goods and services from China are overpriced by 30% because they are set at Australia's high tax inflated prices less a margin to get the business and replace Australian made goods and services. The volume/price mix of exports to Australia has returned to China super profits and super cash flows which they have accumulated to invest in Australia's land, infrastructure and businesses. Australians are becoming tenant workers, in their own Country, to foreign owners including the Chinese. It is interesting that, prompted by uncontrolled Chinese immigration, Australia's founding fathers were prompted to have enacted the Australian Constitution. Today through trade/cash/ownership/control the Chinese are circumventing the Australian Constitution and Democracy of Australians i.e. government by the people, of the people, for the people. It is time to take the Blinkers Off the Prime Minister and Government and to have implemented the Taxation Reform Presentation so that Australians will have the opportunity to buy back Australia and through free trade and low taxation put Australian ownership/control in the hands of Australians.

11. Ensure preferential trade agreements (PTAs) realise better business outcomes by consulting with business, improving transparency and consistency and addressing emerging trade issues.

Implementation of Part A should, through low taxation, facilitate open free-trade market without (PTAs). Where export markets are not open to Australian free trade exports, the Australian Government could facilitate with Industry counter-trade exports and imports e.g. counter-trade of iron ore and coal in exchange for a fleet of cruise ships (6000 passengers and cruising at 30 knots) to be fitted-out and operated from Australian ports. At any one time 2 or more of these cruise ships to be in port at Australia's Capital and Regional Cities with 12,000 passengers per day spending their money in existing on-shore facilities and new spectacular attractions to be enjoyed by all Tourists and Local Residents. The fleet, anchored off Melbourne for the Melbourne Cup, would create an Event of Mega Proportions. An annual calendar of mega events around Australia should attract over 8 million local/overseas passengers a year with Revenue in the \$Billions. Such a fleet would employ an Australian Crew of 90,000 on board and 30,000 support crew on-shore and, on an average 6 months contract, a workforce of over 240,000, On shore employment in providing industries and tourist operations would exceed 200,000 workers giving a total workforce of over 440,000. These Cruise Ships circumnavigating Australia's huge coastline would facilitate the protection of Australia's sovereignty. Cruise Ships with on board research facilities and expert technicians, to provide hands-on experiences for interested passengers i.e. marine, coastal, botanic, environmental, etc research. The business opportunities for the Private Sector are endless.

11. Work towards greater promotion and protection of cross-border capital flows and foreign direct investment (FDI) through a Model Investment Treaty.

This Recommendation is a contradiction of Recommendations (8) to (11). If there is to be free trade of goods and services there should similarly be a free flow of capital which is a life blood of Private Sector production of goods and delivery of services. Implementation of Part A should facilitate a Banking System where interest rates are an outcome of the free movement of deposit funds and prudential approval and management of loans, secured and unsecured and derivatives, including counterparty exposures, without Government intervention but subject to prudential regulation and compliance enforcement.

To promote **consistent and effective regulation**, all G20 governments should:

13. Finalise the core global financial reforms in 2014 and establish a protocol for international rule- making processes commencing in 2015, which better engages the private sector to ensure rules are fit for purpose and fully take account of their impact on the real economy.

Core global financial reforms, based on what is true and fair, would lead to imprisonment of bankers, insurance executives, auditors, corporate lawyers etc which would please the Electorate but not solve the problem. I have not seen any indication that Governments have the will to do what needs to be done to return confidence in the Banking/Finance/Insurance/Investment Industries. I will be sending to the Prime Minister a Financial Reform Presentation based on my personal experience, research and correspondence.

14. Ensure emerging market economies are effectively represented on global standard setters and that regulations reflect the social, economic and financial challenges faced by EMEs.

Open market Private Sector competition, subject to ethical and moral industry and government regulation, insurance assessment and audit, facilitate 'integrity' based outcomes. This business environment supports sustainable business, profits, and investment. Effective consumer protection legislation, a Media committed to informing the community of inappropriate business policies and practices, and complaining consumers are the most effective and efficient means of achieving due diligence of existing standards and the need for new standards. Entrance into the Open Markets requires essential investment in understanding and complying with Recommendation 1 in particular Trade Agreements, Documentation, Processes, and Relationships. Global Standard Setters should come from role model businesses which have the confidence and respect of the Industry and Consumers. These Global Standard Setters to have an obligation to consult with businesses and governments of emerging market economies so that they understand the challenges of market participation and the risks and penalties of noncompliance with Standards.

15. Review prudential and conduct regulation to ensure restrictions on access to finance do not unduly hamper financial inclusion, trade and commodity markets and finance for SMEs.

Implementation of Part A provides for a rewrite of Financial Accounting and Reporting Standards so that Financial Statements fairly and truly disclose the financial position of the shareholders, net asset backing per share including all contingent liabilities and exposures. Similarly the position for a secured lender, unsecured lenders and creditors and for employees - none of which is presently the case. The use of a Limited Liability entity to conduct business operations must not be a means by which owners and managers are protected at the expense of lenders, creditors, employees, customers and the community at large. Audited Financial Statements should include 10 year comparatives with explanation of variances above 10%. The Financial Statement of Assets and Liabilities should be revalued every 3 years with the valuations certified by Independent Valuers. Update of Corporations Law is essential and must be conducted in full consultation and consensus with the Accounting Profession. Implementation of Part A also provides for a greatly simplified taxation accounting and reporting system with a one page tax return for most businesses. The present Tax Agent to be replaced by a Tax Compliance Agent directly accountable to the Government for due diligence and compliance and the correct payment of taxation obligations.

Presented with the Financial Statements as above and certification of taxation compliance, Bankers and Financiers should be in a position to approve SMEs' finance applications after a realistic assessment of the business and its risks and opportunities.

16. Promote longer-term investment by removing unnecessary regulatory disincentives, and developing local capital markets and financing instruments that better align risk and return.

Implementation of Part A provides for the establishment of share trading businesses in township high streets, as in the early days of settlement of Australia, so that investment in Australian businesses becomes a viable alternative to gambling. At present, per annum, Australians gamble \$200 billion and lose \$20 billion. Implementation of the financial accounting and reporting standards and practices as in the response to Recommendation 15 should enable the average person to make a valued judgment as to what industry and business they want to invest in and support. Investors' monies are at their greatest risk when the Financial Reporting is not true and fair and they become lazy investors and do not follow the market. Please see the response to Recommendation 13, including appropriate financial accounting standards and practices and audits in respect of derivative and counterparty exposures, which is a pre-requisite to putting the Banking/Finance/Insurance Industry in financial order for sound investment. This is more important than getting the Federal Budget into surplus.

17. Implement transparent infrastructure procurement and approvals processes that comply with global leading practice, including a commitment to specific timeframes for approvals.

Implementation of Part A should see a proliferation of new business and industries providing alternative supply to existing suppliers. All levels of Government recording Revenue and Expense Surpluses from smaller and more frugal Government will provide the means for development of global procurement practices and compliance therewith. Similarly business will have the opportunity for growth and profits to invest in market research including best product/service supply and supplier. Also invest in, innovation and R&D to deliver top end products and services. Significantly the simplified taxation recording, accounting and reporting system will make, simple, after tax assessment of the rate of return on investment in inventories and capital goods.

To promote **integrity and credibility in commerce**, all G20 governments should:

From my professional and business experience I believe the greatest impediment to integrity and credibility in commerce is as follows.

- The removal of personal, joint and several liability of Professional Business Operators in respect to their business practices and conduct by allowing the operators of these Professional Businesses i.e. accountants, tax agents, lawyers, valuers, financial planners, insurance agents, town planners, private investigators, etc. etc. to incorporate their business under a limited liability entity. Consequently it is understandable that Professionals avail themselves of limited liability protection of their personal property and assets
- This enables these Professionals to disclaim any accountability, responsibility, obligation etc to their clients in respect of their work paid for by the Client. The only recourse for an aggrieved client is appealing to any Professional Bodies involved, making a complaint to the ACCC and Court Proceedings which are generally beyond the means of but a few Clients of financial substance i.e. wealthy individuals and limited liability companies.
- The majority of these Professionals conduct their business under the privilege of Government Law and Regulation i.e. a publicly listed company must appoint an Auditor in accordance with Government Requirements etc. etc. The business has a captive market.
- In my opinion the above puts the focus of these Professional Businesses on growth and profits and not putting the best interest of the Client ahead and above these financial considerations. The huge losses attributed by the Courts to the negligence of Financial Planners/Advisors are testimony to this.
- It is evident that the Government did not make and enforce appropriate laws and regulations and did not put more resources into enforcing due diligence and compliance by limited liability protected Professional Businesses.

Until this is corrected I believe it will be business as usual regardless of Government.

18. Agree to harmonise laws related to anti-corruption that incentivise companies to build leading practice compliance programs and self-report compliance breaches.

Implementation of Part A and the responses to Recommendations 13 to 17 should make it considerably more difficult to mislead government, business operators, consumers and investors. The simplified Taxation System which accounts for the taxation by State/Territory by industry will enable Government to make reliable analyses to detect noncompliance. This included where taxation liability and payment figures on returns and out-of-set with trends, industry averages and ranges, and accumulations of wealth, reported to Government through other reporting requirements and from specialist investigations. The simplicity and rate of tax and harsh penalties for non-compliance facilitate continuity in compliance across the Australian community and outsiders operating in Australia. On the 10 June 2014 in New York, Prime Minister Tony Abbott said “Companies should pay their taxes where they raise their revenue” The Taxation Reform Presentation provides for compliance with the PM’s statement for all transactions for the change in real or beneficial ownership of goods and services etc. in Australia including imports and exports.

19. Enforce applicable legal frameworks such as the OECD Anti-bribery Convention and UN Convention against Corruption and implement or strengthen a national independent corruption authority in each jurisdiction to monitor and enforce.

From my professional and business experience I believe the most effective means of preventing bribery and corruption is to ‘put the horse before the cart’. Presently it is ‘the cart before the horse’ i.e. the applicant, proposer, investor, contract tender submitters, etc of a business activity, development, etc must be required to, in person and upfront, make full and proper disclosure of the purpose and extent of their intentions and support this by Independent Certified Reports from Recognised Specialist Experts in the matters covered by their intent and purpose. Allowing disclosures etc to be made and Expert Reports provided AFTER the event lays open opportunity for bribery. Assessors and decision makers of these applications, contract tenders, etc have the opportunity to corruptly determine outcomes either unaware or uncaring of the consequences including substantial loss and waste of money. In any Court Proceedings these persons or corporate entity representative i.e. the CEO must be required to personally present themselves and justify and explain their decisions and actions based on the disclosure and Expert Reports provided at the outset. No further disclosures and Expert Reports should be allowed to be presented to the Court. Also the persons making the assessments and decisions must present themselves to the Court and justify and explain their actions and decisions. By putting ‘the horse before the cart’ minimises the opportunity for bribery and corruption and provides for due and proper process in any Court.

20. Endorse the G8 core principles on transparency of ownership and control of companies and legal arrangements.

I have reviewed and considered each of the 8 core principles and note the role of the Financial Action Task Force.

My following opinion is based on my experience over 12 years as an auditor in the Accounting Profession in the UK and Australia. This auditing experience included both private and public listed companies and groups across a diverse range of businesses and industries.

1. I experienced the situation where ownership of a controlling share interest was held by undisclosed persons and entities. This was achieved by documents including Share Certificates being held in a private secured box in a Lawyer's Office.
 2. The ownership of these shares could not be traced. However it became evident, from my knowledge of the industry and the existence of contracts which secured turnover market share over and above past entitlement and industry expectations, that the purpose of the nondisclosure was to secure these contracts by any means, regardless of a conflict of interest.
 3. In London, during my articled training to become a qualified accountant, I was alerted to a reality of life that if the owners, or directors or executives of a business are engaged in unlawful activities, the related financial transactions will, either not appear in the books, records, reports and financial statements presented for audit, or will appear with descriptives to hide their true nature and purpose. To protect the audit programmes and processes, involved procedures including the following detailed comparatives with:-
 - o past years and trends. i.e. sales by product by customer, industry group, location, etc;
 - o reconciliation of cash flows with accrual accounting results including post end of financial year transactions;
 - o reconciliation of financial statement results net of tax and results subject to tax declared in tax returns;
 - o documentation from Professionals such as Quantity Surveys of assessments of completed works supporting billing to contract customers; and
 - o physical inspection/counting/measurement of work in progress to test book values and Certificates from independent Professionals.
 4. Recently the control by Murdock interests over a global entity, including by means of exchanging voting shares for nonvoting shares, shows how capital gains and dividends motivate investors.
 5. In conclusion, it will take highly skilled, ethical and moral, independent well paid professionals in the Private and Public Sectors to achieve the 8 core principles.
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