

Friday 4<sup>th</sup> February 2011

Attention: Senate Select Committee On Scrutiny Of New Taxes

Re: Enquiry Into:- National Mining Tax 2010

Dear Mesdames et Messieurs,

I write in support of simple well designed mining royalties paid direct to the states.

I am not opposed to necessary increases in mining royalties to cover increased state budgetary expenditures on necessary expenditures.

I believe the proposed tax is unconstitutional for several grounds.

My submission is attached.

I ask that this contribution to this issue be considered by the members of parliament on the Committee.

Yours Sincerely,

Andrew Oliver (copy with signature to follow by post.)

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## 1.0 Outcomes

Government spending is not an end in itself. Neither is taxation. The ends that are in question are defined by the other powers that the Commonwealth is given by the constitution ...

If a tax or a spending measure does not advance another said power, it is unconstitutional in a federation like ours.

Such an end might be paying out state debts. Taking over state taxes in a system where there is vertical fiscal imbalance makes the problem worse ...

## 2.0 How To Organise Taxation

A dozen or two well designed simple to administer taxes and as little red tape for everyone as proves absolutely necessary both require proper thought and consideration by legislators.

Whether a tax affects the poor or the rich is another question. The poor and ordinary people resent taxes that "steal from the poor and give to the rich." If the rich use tax havens to avoid taxation, and the poor end up paying most of the taxes, that is unjust.

If income tax is seen as too high on middle income earners, I'd say introduce an estate tax or probate duty ...

It's about justice ...

## 3.0 Unconstitutionality

The national mining tax is unconstitutional because it is discriminatory against classes of taxpayers by state, contrary to the taxation power in the constitution:

(ii) Taxation; but so as not to discriminate between States or parts of States:

Also, it really is a constitutional amendment which should be put to referendum as really it:-

128. ... diminishing, or otherwise altering the limits of the State ...

Therefore it needs to be authorised by referendum to create a section 129 that expressly and specifically enacts the legislation. Like the Communist Party Dissolution Bill in the 1950's, put it to referendum and let the people decide!

## 4.0 Conclusion

As a jaded former ALP member who resigned from the party in 2005, I am disappointed in both sides of politics.

As a information technology worker - presently between jobs - with a mathematics degree my views on economics and taxation should be taken as not the views of an economist but those of someone interested in politics and the outcomes that I advocate reflect what I want for both myself and the poor and ordinary people I sympathise with.

I ask that this contribution be considered by the committee.