

Dear Sir,

Professional and business people are an ignored group of born Australians and they are finding more welcoming communities with better tax systems all over the world. e.g. Singapore, Hong Kong, US, Europe. My friends children who are raised overseas, have Australian passports, but no interest to live here and their detachment will be a component in the loss of Australian identity. Currently Australia acts as a destination for unskilled third world immigrants to earn high wages. When I see 50+ year old tradesmen who can no longer ply their trade, immigrants as factory workers at Phillip Morris, car industry and other manufacturers who are closing everyday, young immigrants driving buses, issuing parking tickets and selling train tickets, I wonder what we believe our national development strategy to be. Australia has had a 25% population growth since 1990, and it has contributed to economic growth but it relies on the promise of an unfunded government age pension when these folks retire.

I was interested to visit Dubai, and have spent 3 months there in the past year. It has a guest worker population of 1.8million from and there are 10 for every one local. They have Pakistani's who drive taxi's, Filipino's who work in shops, smart Indians who manage the internet cafe's, a fantastic African band from the Congo who perform nightly at the Africana nightclub, Russians selling property, Lebanese, Sri Lankans, Iraqi's, Afghani's, Iranians etc. and not one refugee or wasteful debate about it. After my last visit the scruffiest looking middle easterners I saw were at the lounge waiting for the flight to Australia and it was palpable after looking at the colorful, well dressed and clean looking inhabitants of Dubai for 3 weeks. Related to this the streets are clean, the public transport is efficient, and a Caucasian is welcomed by all, regardless of race or religion. Saudi Arabia however will only issue business visas, so we don't go and our collective Western Governments still consider them a regional ally - there are no hard feelings! I spoke to a Filipino waitress who told me she earned \$575 pm and paid \$175pm for her half share of an apartment. An Emirates hostess makes \$2,000 per month, it is true when they come to Australia and Aussies fly them regularly on Qantas code share. In their home countries a worker's job pays about \$100pm, while in Eastern European countries like Poland, Hungary it is about the same as Dubai. These guest workers are well fed, clothed and housed, they can afford the better (than our) local public transport so it would be interesting to compare their lifestyle to an equivalent foreigner/job in Australia, which perhaps pays \$50K but may not deliver a much higher standard of living, with the exception that in Australia this worker relies on an unfunded (equivalent to \$500K) promise of a Government Age Pension for his senior years. When you add the total of these guest workers in the Middle East (i.e. Saudi, UAE, Bahrain, Kuwait, Qatar, Oman) the total must number about 15million. Dubai has built, using cheap labour, infrastructure which provides water and electricity to all, and a litre bottle of water in a supermarket (in Deira, Bur Dubai) costs around 40 cents. The tallest building in the world, the Burj Dubai, was built for \$1.5bn which equates to what the Victorian Government wasted on the Myki ticketing system for the railways and recklessly still employs Indians to sell train tickets. All this has been achieved in the desert, so they could also teach environmentally conscious average Aussies. It is a forever growing desert development using labour which can't find the same opportunity in home countries and these workers are fit, without children, young and committed, all positives from the natural selection process a Dubai visa brings while their own

countries can't look after an existing population which is producing children at exponential growth rates. If Dubai didn't have these foreign workers, it would be a ghost town, and if foreign companies invested more there then the cheap worker accommodation rents would rise bringing in more revenue to the UAE owners of these developed properties, and that is waiting to happen. Tax free incomes for European executives would be attractive, it was 21C between Xmas and New Year, and they have an orderly system to employ cheap labour within, which makes it unique. I went to Addis Ababa where the Chinese are building a metro system through the middle of town, however I wonder on a cost basis whether it really compares favourably to Japanese or German's building similar infrastructure in Dubai, particularly considering the added risk. My Australian friend who lives there is sending his 10 year old son to primary school for \$15K pa fees and he is taught by a British Muslim woman. In Dubai there is a two tiered medical system. Indian doctors, nurses and pharmacists treat the guest workers, while there is a plush hospital for locals. I guess an Indian doctor earns \$50K pa (tax free), which can house his family, send his kids to Indian Private school, have a car and domestic helper (and this means assistance with children, elderly and disabled as well as cooking, cleaning, shopping, washing) as well as take them out to an Indian restaurant once a week. He has no local exam to overcome, and this lifestyle would favourably compare to an Australian based doctor, while there are Australian practitioners working at Dubai Healthcare City on tax free multiples of this.

Been looking at the economy of Qatar, which has a GDP of \$111K per person (tax free), and has 250K locals and 1.65m guests, since the guests average income is \$1,000 per month, it is much higher per citizen. Every year the government earns oil and gas (LNG which is Australia's big resource) revenues, which account for 61% of government revenues, plus they earn taxes on mining company profits, and will have a surplus of \$10bn, which equates to \$40K per citizen. The accumulated surpluses go to the Qatar Investment Authority, which is estimated to have \$170 bn of assets (= \$680,000 per local), of which \$78bn is since 2008. Additionally they have around \$35bn central bank FX reserves, offset by government debt of \$76bn, which is invested in government projects, and last budget allocated \$24bn. If there are any local currency issues, I would buy some for the upside of a currency depegging, and any high income earner learns that investment performance is what counts in the long term, so they will need a greater depth of skills than their 250K population can bring. Singaporeans could help with governance, Europeans, Japanese, Koreans with Manufacturing, Food Processing, Pharmaceuticals and Education, and Americans with Technology at various levels, with the flip side that they can provide space for Singaporeans, and cheap quality labour for the others, all with low taxes, e.g. Sony would be a good fit. Their non physical imports amounted to \$49 bn last year, the bulk of which is profits of foreign companies i.e. miners who do the drilling and extraction, and whose business could potentially be bought out by a Qatari reinvestment. There are currently \$250bn of projects underway, which would have a higher value at Western unit labour costs, and relocating some of the 80m richest people, could provide a good chunk of their \$110 trillion assets to establish listed global companies, based there. Their current investments include Barclays, Volkswagen, Harrods, Sainsbury and Miramax, but partnering with a Qatar base would

be a better strategy. This would leave the public servants, of Australia and Europe contributing \$100K pa per person to GDP at home, but little productivity to show for it.

The Australian Tax System is the spirit of Australia. It raises the revenues to employ educated Australians in the public service, provide retired average Aussies with a regular pension cheque, and provide the finances to assist the needy and underprivileged. It cares that productive Australians are treated fairly, and that the share of their productivity for the common good makes a better society. Even opposition politicians are on this payroll and despite their criticisms of decisions and policies, have a good natured honour and factual respect for the system to which they belong. It would be preferable for public debate to be more factually based, and our large government departments are a good source of community understanding and wisdom, through their engagement with society. I recently read there are staff cutbacks, and saw the public service staff sick leave statistics were unacceptably high, so the ATO has to deal with these added pressures, making its role even more difficult. Through its duty of care to society, the process of government is responsible for the high degree of complexity in the Australian system, and is expected to administer this burden along with taxpayers. I have found that filling out tax returns is an expensive and time consuming process and would like to share the following. Telstra has well trained, educated, and spoken Philippine based staff who are cheaper to employ, and are able to provide patient, informative, courteous and knowledgeable advice about Telstra technology for ordinary people like me. They are able to access your computer, when you give them permission ensuring that what is on the screen, and mouse movements are easily discussed over a telephone conversation. This could be extended to assistance with filling in forms, and tax returns with the proper supervision and background provision of training. In 20 years of a career in finance, mathematics degree or actuarial training, I never had exposure to anything that explained the logical framework or rules of the Australian Tax System, so require ongoing help to comply with my responsibilities. I would have confidence in Filipino's to help me in this process, which requires skilled workers with specialist training.

Yours Sincerely  
Andrew Bergwald