

The ANTXAN Report



JOG' Thoughts:

Australia is no longer viewed as a politically stable country to invest in!!

"I am finding it quite difficult to express in words exactly how disappointed/despondent I am with the Rudd Government's management of the Australian economy and in turn the perception of Australian assets they have created in a global investment context.

It nearly brings me to tears because it is absolutely against everything I believe in and have worked for over the years. I am watching Australia being de-rated before my eyes. It's a disgrace, it is avoidable, but it's happening. It's like watching a bus crash, but a bus crash which I had a premonition of, yet, in which I am a passenger!

To watch the ASX200 fall 49 points on Tuesday after the Dow rallied 143 points was just heartbreaking. Why was it heartbreaking despite my very conservative Australian equity strategy stance? Because I am an Australian capitalist and I am watching Australia commit global markets suicide." **Charlie Aitkin, Southern Cross Equities**

The above statement basically sums up what everyone that I am speaking to is feeling. In 3 short years, Rudd has taken a very strong, robust and healthy economy and is trying his best to ruin it. Australia is now viewed as politically unstable and such we are seeing investment funds flowing out of our market quicker than you can say Kevin in 07.

The government interference in listed company's outlooks and earnings capabilities is nothing short of a disgrace. His first shot at Telstra has left thousands of shareholders out of pocket and now he wants to kill the only industry this country has. I have been meeting with mining executives this week and they are very concerned, frustrated and above all angry. With overseas investors a must for the industry, this new tax has already had them questioning Australia as a choice for their cash. As the Canadian Prime Minister stated throughout the week, Australia's decision is our gain.

Australia is the only developed country that didn't have a technical recession after the global financial crisis, mostly because its mining sector kept feeding China's economic boom. Now, the Labor Party government has decided all that wealth creation was a bad

thing, and it's time to levy a 40% "super-profits" tax on these companies and redistribute the money. This economic thinking runs counter to everything that made Australia rich over the last three decades: namely, the embrace of competition and capitalism, which rewards high risk with high returns. Setting up a mining company is not akin to opening a restaurant. Companies invest billions of dollars in exploration, build infrastructure to bring their products to a port, and then have to compete in a global marketplace and deal with volatile prices for their goods.

This tax is a money grab from the States so as to make the federal budget look better after Labor has blown a \$20b surplus and created a huge deficit in just three years. To justify it by saying it will help pay for the increase in the super levy is an out right lie. Employers will be paying for the extra levy and not one cent from this tax will go to anyone's super. I can honestly say this is the most financially irresponsible move by any political party in Australia's history (although some would argue Whitlam still holds the record).

Killing the golden goose that helped keep our country out of the severity of the GFC, so as to look like Robin Hood, smacks of the little man who buys the Ferrari. They may think they look good but everyone knows why they paid so much to look good. Hopefully after all is said and done, this will be one more policy that Rudd and his cronies will have to back down on. Hopefully it will dawn on them that this popularity grab has the possibility of the biggest political backlash of all their ineffectual policies so far.

I thought you would like to hear what a forward thinking leader had to say 400 years ago - It would be great if certain people listened to some sound advice.

You cannot strengthen the weak by weakening the strong.

You cannot help the strong man by tearing down the big man.

You cannot help the poor by destroying the rich.

You cannot help the wage earner by pulling down the wage payer.

You cannot keep out of trouble by spending more than your income.

You cannot further the Brotherhood of Man by inciting class hatreds.

You cannot establish security on borrowed money by taking away a man's initiative and independence.

You cannot help men permanently by doing for them what they could and should do for themselves.

Abraham Lincoln

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