



# TAX FORUM

4-5 October 2011

## STATEMENT OF REFORM PRIORITIES

### PARTICIPANT NAME AND POSITION

Ara Cresswell, CEO

### ORGANISATION

Carers Australia

### STATEMENT OF PRIORITIES

1. What are your priority reform directions for the tax and transfer system?

The ABS estimates that currently there are approximately 2.6 million unpaid carers providing essential assistance for people who are ageing or have a disability to remain in their own homes and receive care within the community. Carers Australia is concerned that the ageing of the population, combined with increasing morbidity in the Australian population, will substantially increase the need for home-based care into the future.

The Government needs to ensure that a robust, fair and sustainable revenue base is available to ensure that the fundamental services and needs of ageing Australians, Australians with a disability and their unpaid carers are able to be adequately funded in coming years. We are currently a low-tax nation, but with targeted minor improvements to the tax system could afford to significantly accelerate the implementation of the NDIS, as well as deliver the crucial improvements to a range of health and mental health programs and services desperately needed by so many Australians.

Relaxing the “25 hour” policy rule for Carer Payment recipients that results in a person losing entitlement to their payment if they spend 25 hours in a week engaged in any combination of work, study or associated travel could increase both the employment participation and potential workforce readiness of many carers. Similarly, encouraging employers to offer flexible options for their existing staff who become carers and new employees will mitigate against future employment shortages while improving the labour force participation rates and the lives of those carers who could more easily combine some paid work with their caring role.

2 - How are your proposals financed over the short and longer term?

Carers Australia strongly supports the removal of current loopholes and inequities in the tax system to ensure that high-income earners do not have access to tax avoidance/minimisation measures such as redirecting income through trust and company structures, or “churning” earnings through superannuation funds to reduce tax liabilities. This would serve to increase taxation revenue, increase equity, simplify the taxation system and encourage more socially productive investment decisions (such as increasing investment in affordable housing). A truly progressive tax system which treats income from all sources in the same way would assist in building up a strong revenue



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base.

Carers Australia strongly supports the need for income support payment rates to be standardised and based on essential living costs and community expectations in an advanced economy. The rates must provide an adequate level of assistance for all Australians in need of financial support. Standardised rates would address the existing unjustifiable inequities between the amounts paid to pensioners and allowance recipients and reflect community expectations in relation to acceptable standards of living consistent with Australia's position as a first world economy.

A standardised payment rate, together with additional supplements to acknowledge the additional costs of private rental, caring, disability and single parents would more clearly reflect the actual needs of individuals and their families than the prevailing disjointed approach.

## LIST OF ATTACHMENTS