

TAX FORUM

STATEMENT OF REFORM PRIORITIES

PARTICIPANT NAME AND POSITION

Maree O'Halloran, President,

ORGANISATION

The National Welfare Rights Network (NWRN) is a network comprised of 16 community legal services throughout Australia which specialise in Social Security law and its administration by Centrelink. Based on the experience of clients of NWRN members, the Network develops policy and advocates for law reform for improvements in how services are delivered and information is communicated about individual's obligations and rights.

NWRN member organisations provide casework assistance to their clients and conduct training and education for community workers and produce publications to help Social Security recipients and community organisations understand the system.

STATEMENT OF PRIORITIES

NWRN's interest in taxation issues extends beyond considerations of the sufficiency of revenue raised to provide essential services in health, education, income support and aged and community care. These further considerations include the building of a socially inclusive society, the adequacy of payments in providing sufficient incomes to live decently and participate socially and economically, the impacts on housing affordability, the influence of payment conditions as either an incentive or disincentive to work or study.

The payment 'poverty gap' between pension and allowances – currently \$131 a week – is the cause of entrenched and endemic levels of poverty amongst unemployed people, students and young people and some single parents and people with disabilities on Newstart Allowance.

The payment gap also creates perverse incentives for unemployed people and parents to seek higher, non-activity tested payments especially when they are older and have been unemployed for lengthy periods of time and are close to Age Pension age. Additionally, the corresponding fear of being moved onto a lower payment allowance creates a major workforce participation black spot. For example people on the Disability Support Pension (DSP) are often very fearful that work – even just a few hours – will trigger a review of medical entitlement to the Disability Support Pension.

Consideration should be given to increasing and indexing the "income free" areas, permitting the averaging of income over a 12 month period, or expanding the "working credit".

Consistent and fairer payment indexation arrangements are critical to payment reform, as is the setting of relativities between single rates and couples rates for allowance payments, which are benchmarked at 66% for pensions.

Liquid Assets Waiting Periods which strip modest savings from retrenched workers and the “sudden death” allowance assets test that applied to allowees are inequitable, according to the AFTS. NWRN agrees.

Initial steps to address housing affordability include increasing the maximum rate of Rent Assistance by 30 per cent and the removal of the rules which penalise certain recipients sharing accommodation. The level of Rent Assistance should be indexed to a national rental index.

NWRN has developed a range of other proposals targeted to the most unfair aspects of our social security system, which if addressed, could lead to better outcomes for many marginalised and socially excluded individuals.

Issues addressed include: Centrelink debts which can be a workforce disincentive; concessions policies, which are most generous to those with the least financial needs; difficulties with Special Benefit; carer inequities; early release of super; Crisis Payment and the costs of participation.

Well designed policies are also placed at risk if not delivered by adequate levels of frontline staff that are diverse, skilled, have input into policy development and are properly trained as new policy is being implemented.

HOW ARE OUR PROPOSALS FINANCED OVER THE SHORT TERM AND LONG TERM?

NWRN believes that a key focus of the upcoming Tax Forum should be to broaden the tax base with measures focussed on superannuation, capital gains, negative gearing, fringe benefits and trusts. A key priority must be implementing the broad thrust of the AFTS recommendations on superannuation tax concessions which needs to be made fairer. NWRN supports unwinding these unfair taxation concessions in the superannuation system that in the main benefit higher income earners.