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Media Release

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## Tax Forum offers opportunity to restore balance and fairness to the welfare system

"The Tax Forum should lay the foundations for a stronger, fairer Australia that lifts people who are socially excluded and marginalised out of poverty and enables everyone to participate fully in the social and economic life of our community", said Maree O'Halloran, President of the National Welfare Rights Network (NWRN) today on the release of their submission to the Tax Forum.

"Unfair, out-dated and inadequately designed policies result in many people being poorly served by our existing tax and welfare arrangements. Our submission shines a light on some of the worst aspects of our social security system and highlights practical and positive measures to fix these problems.

"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 Forum should also recognise that the fear of being moved onto a lower payment creates a major workforce participation black hole for many of Australia's 815,000 people with disabilities.

"The existing tax and social security system punishes, rather than rewards people who want to get ahead and improve their circumstances. The country would get an instant participation lift by increasing and indexing the "income free" areas (currently just \$31 per week for Newstart Allowance) or expanding the existing working credits scheme.

"Liquid Assets Waiting Periods that strip modest savings from retrenched workers are inequitable and in need of urgent reform. Many working families who have been recently retrenched are currently being hurt by these unfair rules.

"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 Australians.

"Other problems include:

- poorly targeted concessions policies;
- inequities in social security rules impacting on carers, who can also face disadvantage in retirement due to an inability to accrue adequate superannuation or savings;
- large numbers of Centrelink debt which can be unfairly raised and when recovered, can result in additional workforce disincentives;
- inequitable treatment for very vulnerable people who receive Special Benefit, paid to 6,300 people, where payments are reduced by \$1 for every \$1 earned;
- unfair and inconsistent rules around the early release of superannuation;
- inadequate assistance to meet the costs of disability, participation and job search; and
- the high cost using mobile phones to contact Centrelink and other government agencies using 13 and 1800 numbers.

"Initial steps to increase housing affordability could be achieved by increasing the maximum rate of Rent Assistance by 30 per cent, removing the unfair rules which reduce Rent Assistance for some recipients sharing accommodation and indexing Rent Assistance to a national rental index.

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

"A key focus should be to broaden the tax base with revenue measures focussed on unwinding the unfair taxation concessions in the superannuation system and examining the taxation treatment of capital gains, negative gearing, fringe benefits and trusts."

Find NWRN's Tax Forum submission at: [www.welfarerights.org.au](http://www.welfarerights.org.au)

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The NWRN is a network of services throughout Australia that provide free and independent information, advice and representation to individuals about Social Security law and its administration through Centrelink. For member details, services and information visit: [www.welfarerights.org.au](http://www.welfarerights.org.au)