



Media Release
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UNITINGCARE AUSTRALIA CALLS FOR MINISTERIAL TASKFORCE FOLLOWING HENRY REVIEW

UnitingCare Australia's National Director, Susan Helyar has today called for an urgent Ministerial taskforce to resolve outstanding issues in both the Henry Tax Review and the Government's response to that review.

Commenting shortly after the release of *Australia's Future Tax System*, and the Government's response, Ms Helyar said its essential the Government and the community sector continue the momentum of the extensive consultations which have taken place over the past 18 months.

"Continuing, high level, consultation must deliver results well ahead of the coming election campaign," Ms Helyar said.

"Important issues for disadvantaged Australians and the community sector that supports them have not been adequately addressed in the process to date.

"The complex issue of Effective Marginal Tax Rates – that is the anomalies and poverty traps that exist for people moving from welfare payments to work, have received little attention.

"We welcome the Government's decision not to accept the Report's recommendation on Fringe Benefits Tax for Public Benevolent Institutions, which would see the benefits continue to diminish. It's essential that social services sustainability issues are not shelved," Ms Helyar said.

"The social services sector is already under significant pressure due to long-term underfunding from all sources amid a growing demand for services.

"Without considerable reform it will be difficult for charities to continue to provide services to disadvantaged Australians.

"Salary packaging provided through the FBT concession was intended to lower the cost of labour for those charitable organisations which provide direct services to disadvantaged Australians. It is an essential tool that helps PBI's attract and retain quality staff by effectively supplementing their salaries.

"But the level of FBT concession has not been indexed since it was introduced in 2001. Had it been indexed it would have moved from a cap of \$30,000 in 2001 to a current cap of \$44,500.

The benefit of the FBT concession has been eroded by inflation, CPI increases and changes to the personal tax rate.

"We have been exploring options with the Government and look forward to resolving these issues in the near future," Ms Helyar said.

Contact: Judith Tokley 0408 824 306 / 02 6249 6717