



Council of Social Service of New South Wales

Suite 301, Level 3, 52-58 William Street, Woolloomooloo NSW 2011

phone 02 9211 2599

email info@ncoss.org.au **web** www.ncoss.org.au

abn 85001 797 137

2 June 2015

Tax White Paper Task Force
The Treasury
Langton Crescent
PARKES ACT 2600

To whom it may concern,

Thank you for the opportunity to provide a submission to the Australian Government's Tax White Paper.

NCOSS is the peak body for the social and community services sector in New South Wales. NCOSS works with our membership on behalf of disadvantaged people and communities towards achieving social justice in NSW. NCOSS is part of a network of councils of social service that work with the Australian Council of Social Service (ACOSS) on national issues affecting people experiencing poverty and disadvantage.

NCOSS endorses the submission made by ACOSS to this process. We make the following comments in addition to the ACOSS submission that specifically reflect the New South Wales context.

Poverty affects nearly 900,000 people in New South Wales – more than in any other state or territory. The rate of poverty in NSW is also among the highest in Australia at 14.8%. In addition to the hundreds of thousands of people living in poverty in NSW, a further 7% are near, or at risk of poverty. Here in NSW, our cost of living – particularly the cost of housing – mean that our family, our friends or indeed any one of us is just one step away from poverty or disadvantage.

Low income households in NSW are finding it increasingly difficult to secure rental housing that is affordable, secure and appropriate to their needs. This in turn limits their ability to obtain and retain paid employment, access education and training, and build a better life for themselves and their dependents.

The key market failure in housing is in relation to the provision of quality, well located rental housing that is secure and affordable for low income households, and there has been no growth in the supply of social housing since the completion of the Federal Stimulus Package. Strong population growth combined with gentrification of traditional low income areas has forced growing numbers of people experiencing poverty into overcrowded, marginal housing or has displaced them to distant areas with reduced access to jobs and other opportunities. NCOSS welcomes recent commitments from the New South Wales Government to establish a \$1billion fund to address this issue.

That said, the Commonwealth and State tax regimes currently in place contribute to making housing unaffordable for people and households on low to middle incomes, and encourage speculation in housing prices. Any reform of the tax system must also address this issue.

We agree with the ACOSS proposals to redesign the taxation treatment of housing and land to reduce incentives to speculate in housing prices and encourage institutional investment in rental housing. Perversely, while property prices are rapidly rising (particularly in Sydney) there are major risks to state taxation revenue from wholesale change to the property tax regime, unless it is done with care. This is a critical barrier to reform.

NCOSS considers that while reform of the property tax regime is vital to addressing market failure in the Sydney and New South Wales property market, and endorses the principles proposed by ACOSS for that reform, we consider that the reform must be implemented in a way that:

- safeguards the revenue that is vital to deliver the services that people experiencing poverty and disadvantage rely on
- ensures that protections are put in place to protect the interests of people on low and fixed incomes
- ensures that the Commonwealth and State taxation systems are working together to provide incentives for investment to address the dearth of affordable housing in New South Wales, particularly Sydney.

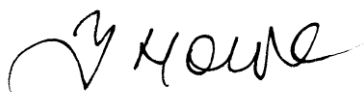
NCOSS also agrees with ACOSS that ensuring that State Governments have robust and efficient revenue bases is critical to the delivery of services and infrastructure that we all rely on. Safeguarding this tax base for the future is critical to building a fair and decent society. This task calls for creative thinking, and simply increasing the rate or base of the GST should not be the first answer considered in this debate.

In particular, NCOSS strongly opposes any new or increased taxes on food. Foodbank reports that demand for food relief rose by 8% last year, with more than 516,000 people assisted with food relief each month. Indeed the most commonly reported reason that causes people to seek food relief are low incomes and unexpected expenses and events. Further increases to the cost of food (by applying the GST to food which it currently does not apply to) would further increase food insecurity for people on the lowest incomes, and NCOSS can see no basis to support that change.

NCOSS also supports reform which ensures that responsibility for funding the services critical to people experiencing poverty and disadvantage is shared between the Commonwealth and the states. This won't be achieved by using tax reform as a Trojan horse for the Commonwealth to retreat from their responsibility in critical human service delivery areas such as health, housing, homelessness and education, or as a mechanism to deliver income tax cuts.

We would very much welcome the opportunity to discuss this submission with you in greater depth. Should you have any questions in relation to this proposal, please do not hesitate to contact me or Deputy CEO, John Mikelsons (02) 8960 7916 or via email at: john@ncoss.org.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tracy Howe', with a stylized flourish at the beginning.

Tracy Howe
Chief Executive Officer