

Tax Working Group Public Submissions Information Release

Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

15 March 2018

[1]

Submission to Tax Working Group

My name is Rendall Conwell, I am retired from work. I spent over half my working life as a Probation Officer. I also worked for 10 years in the Disability Sector as a Support Worker primarily with people who have an intellectual disability, just before retiring. Currently I am active as volunteer in the Voluntary Sector, helping out at a Forest & Bird reserve and also at an organic garden based in the Porirua area that provides opportunities for young people with learning disabilities to do some voluntary work.

I have observed in my work how our present tax system unfairly penalizes low paid people. Also I have observed how the Benefit System leaves people feeling under valued and victimized because of issues they have little control over.

My Primary Recommendations in terms of future tax policies are as follows:

A Universal Basic Income that is given tax free

A tax on wealth (or assets)

A removal of the tax free status of Family Trusts

GST changes

Universal Basic Income: This would benefit primarily low income people and would be a good strategy for the Government to tackle the poverty issue. The present Benefit system creates barriers to people moving between paid work and the benefit system. Much paid work currently is short term and poorly paid. There is no security of tenure for those taking up a new position or even those who have been in a job for a longish time. You never know when you are likely to be made redundant. Applying for a benefit is a humiliating process, but once a person is on it, it provides more security for many than jobs that are for offer.

The UBI provides a seamless transition between paid work and reliance on the State for one's income. It also provides an opportunity for people to undertake voluntary work without a likely threat to have to look for work. It is non-judgmental of people's choices of lifestyle but values everybody's contribution.

The present Benefit system and how it leaves people feeling about themselves is a major contributing factor to many addiction problems our society is faced with. Long term unemployment has a devastating effect on families and individuals struggling with it. As a probation officer I noticed the quick rise in the crime rate during and after the 1980s and the prevalence of multiple drug addictions affecting people's lives.

If we don't address the present system in positive ways we are sitting on a time bomb that one day is likely to go off

Tax on Wealth(assets): Gareth Morgan advocates this. As he has often said in the past the nature of his income has meant that he had to pay little or no tax, which he agrees is hardly fair. Alongside this he advocates reducing income tax by as much as 30%. He believes and I agree that this would benefit as much as 80% of people and place the burden of tax where it belongs. We hear about bludgers in society, and it is usually the poor on benefits who receive this title. I believe the wealthy are the real bludgers. They get lots of handouts from Government and try as hard as they can to avoid paying tax. A wealth tax would ensure that they don't get such an easy ride.

Family Trusts and other such mechanisms: This is where the wealthy hide their wealth from the tax man. This practice needs to stop and what is placed in trusts needs to be taxed the same as the rest of our income and assets.

GST GST is a tax that disadvantages people on low incomes, because none of their income is not impacted by it. They don't have any excess each pay period. Currently businesses are able to claim back much of the GST they pay on their expenses. If this ability was removed the level at which GST is imposed could be lowered. If this was to happen low income people could in effect receive a tax cut, which would be fairer for all.

It may be that some of my proposals are too much for the present Government to tackle. Feedback from the greedy during the election campaign frightened this Government from making this review as wide reaching as was originally envisaged. I believe that the people of New Zealand are looking for a new vision from their political leaders, something that will excite them as we have seen in our past. Have the courage to step forward and lead us into a new and better way than we have at the moment.