

**NZEI TE RIU ROA SUBMISSION  
TO THE TAX WORKING GROUP**

April 2018

---

To: The Tax Working Group

NZEI Te Riu Roa Submission

## **INTRODUCTION**

1. NZEI Te Riu Roa (NZEI) is the professional organisation and industrial union that represents the interests and issues of its 47,000 members. Our members are employed as teachers and leaders in the early childhood education and primary sectors (including Kura Kaupapa Māori and Wharekura), support staff in the early childhood, primary, intermediate and secondary education sectors, school advisers employed by Universities and Colleges of Education, and Special Education staff employed by the Ministry of Education.
2. The main objective of NZEI is to advance the cause of quality public education generally while upholding and maintaining the just claims of its members individually and collectively.
3. NZEI is one of the largest unions and professional bodies in Aotearoa and has a long history of playing a positive role in the education sector and on wider social issues affecting our members and the tamariki and whānau they serve.

## **NZEI POSITION**

4. NZEI supports the public policy objectives behind the establishment of the Tax Working Group, and the Group's focus on the structure, balance and fairness of the tax system. A fair tax system is critical to the resourcing of a quality public education for all New Zealanders.
5. NZEI has no position on the details of tax policy. Our members are both taxpayers and work for an essential public service that is funded by tax. However, in line with our mission of upholding quality public education and justice for people working in education, we welcome the Government's commitment to Treasury's Living Standards approach, and support changes to the tax system that will increase equity and fairness.
6. Specifically, our organisational values would be reflected in changes that:
  - Lead to increased income equality for families, as economic inequality is the major factor leading to poor educational outcomes for children
  - Support working people's ability to earn a sustainable income for themselves and their families
  - Increase Government's capacity to sustainably fund a 21<sup>st</sup> century education system that meets everyone's needs.
7. New Zealand's economy has been restructured since the 1980s into an increasingly low-grade, low paid one, with a significant proportion of insecure work. Paying less to working people results in less revenue for the government. However, taxing people on

very lower incomes, who are also likely to be hit harder by GST in order to meet their basic needs, is unfair. We see the need to explore a more progressive tax system, hand in hand with a societal commitment to increasing wages.

8. Inequality is much worse in New Zealand than it was some 30 years ago and this has had a profound impact on children's educational outcomes as well as their overall well-being. The tax system has a significant effect on inequality and so our system should be modified to help reduce inequality in New Zealand.
9. We want more justice and fairness in the tax system to reflect the fact that without societal as well as individual wellbeing we are all the poorer. Distortions and imbalances of income and wealth damage our ability to live well together as a community. This "deficit" disproportionately affects the well-being and education of our children.
10. We believe there is an emerging consensus that the current system is unfair and inconsistent ( for example, not all wealth or income is taxed, environmental externalities are not taxed, very low incomes are taxed, capital gains taxes are minimal and there no inheritance taxes ). We think exploring a focus on taxing wealth and pollution rather than income is well-overdue.
11. Closing tax loopholes and implementing proper international tax regulation are critical features of any domestic tax policy. NZEI strongly supports global attempts to stop tax base erosion by multinational corporations indulging in profit shifting. The IRD should be appropriately resourced to effectively participate in the global attempts to ensure consistency in taxation policies especially with respect to multi nationals.
12. We strongly believe the tax system should be promoted as, and recognised, as a positive contribution to public good. It is the price we pay for a civilized society. The Government should not be afraid to consider a higher overall tax take if it is needed to ensure more generous public services and a quality public education system that enables all New Zealanders to live decent lives.
13. NZEI is happy for the Tax Working Group and the Secretariat to contact us to discuss the points raised in this submission.

[1]

Paul Goulter  
**NATIONAL SECRETARY**