

TAX & WELFARE

Christian Democrats

CDP supports a taxation system which would satisfy the following objective:

create an adequate tax base to ensure that the burden of taxation does not fall disproportionately on lower and middle income earners;

CDP supports a rise in the zero rate tax free threshold so that no one pays tax until they have at least earned their own subsistence.

CDP supports a return to the indexation of tax brackets to stop governments' profiting from 'bracket creep'.

CDP supports income splitting for household members related by blood or marriage.

CDP supports deductibility on interest accrued on owner occupied housing. CDP believes that this tax deduction for owner occupied housing should be capped to ensure that the benefit remains with the low or medium income earner.

CDP continues to support retention of capital gain tax exemption on all owner occupied housing.

CDP supports the payment of a home maker allowance for families with young children to prevent both parents having to join the workforce and leaving the care of children to third party carers in their absence.

Goods and Services Tax.

CDP acknowledges that GST is a regressive tax in the sense that the rate of GST is the same for all taxpayers irrespective of their capacity to pay. The CDP does not support increasing it beyond the current level of 10%.

CDP supports the continued exemption of GST on a basket of essential expenditure items (e.g. basic foodstuffs, housing rent) as these items take up much of the income of a low income earner.

CDP supports the removal of GST on the Federal Fuel Excise component of the cost of fuel.

CDP supports the absence of GST on any compulsory state and federal levies.

Abolition of Taxes

To the extent that GST revenue is distributed to the States, CDP affirms that all State taxes should be abolished.

Welfare

CDP supports a welfare payment structure that does not discourage the search of employment opportunities and does not financially penalize deserving welfare recipients who have obtained some part time or modest employment.

Labor

The Labor Party did not provide a response for this forum. Policy information has been collated from the ALP website www.alp.org.au

The benefits that flow from economic growth and wealth creation should be available to everyone in the community. Sharing the benefits of growth fairly through a fair tax system, quality public services, equal access to educational opportunities, and a decent social safety net will increase the community's acceptance of the need for ongoing economic reform.

Labor is committed to providing:

- the opportunity for all Australians to have a reasonable standard of living sufficient to enable them and their families to live with dignity;
- a society where no one need live in poverty;
- equal opportunity for Australians to benefit from national economic success, including equitable distribution of assets, income and employment;
- opportunities for everyone to be educated, trained and job ready throughout their working lives through learning opportunities that are broad based and nationally accredited;
- equity in the housing sector, overcoming Australia's housing affordability crisis in both the ownership and rental markets;
- protection of the living standards of those unable to work; and
- specific programs to promote economic growth in regional and rural Australia.

Labor believes that people who can work, should work, and those who can't work should be cared for. Labor understands that while most people want to work, some people will never be able to work due to their particular circumstances.

Labor believes that a civilised country like Australia should provide a strong social safety net to ensure people who are unable to work or who are temporarily out of work—and their dependants—can live with dignity and confidence.

Labor supports mutual obligation. Mutual obligation is consistent with Labor's belief that if individuals receive support from the community, they should return that support by finding employment as soon as is practicable. Labor recognises that different obligations will be appropriate for different people in different circumstances. Labor will retain reasonable activity obligations for Newstart recipients, encompassing community work, job-search requirements and training opportunities.

Labor recognises that the interaction of taxation, income support and family benefits can significantly reduce the incentive to earn private income through increased taxation and the withdrawal of benefits as private income increases. Redressing these financial disincentives is a key component to improving workforce participation. Labor will take steps to boost incentives to move from welfare to work by making work pay.

Coalition

The Coalition has deliberately targeted low to medium income earners for additional assistance through ongoing welfare and taxation reform. ABS figures released in June

2007 show that, as a result of Coalition policies, only the top 40% of households pay net tax, after cash and in-kind benefits are taken into account.

Lowest income households received 44.5 per cent of social benefits in cash whereas the top 20 per cent of income earners received only 1.7 per cent of social assistance benefits. Households in the lowest income groups paid 1.3 per cent of total taxes on income while households in the highest income groups paid 58.2 per cent.

The net effect of benefits and taxes is to increase the average income of households in the lower income groups compared to higher income groups.

In respect to Australia's welfare position compared with other nations, a recent leading report noted 'Australia directs relatively more of its spending to the poor than any other OECD country — and by a very wide margin'.

If re-elected, the Coalition will continue to reform the taxation system, providing even further incentives for low income workers to join in the workforce. These personal income tax cuts will be made from 1 July 2008 and will build on the significant reductions in personal income tax for low and average income earners contained within the last five budgets.

This tax plan is intended to build towards an ambitious new goal for Australia's personal income tax system. The goal is that over five years by 2012-13 the personal income tax system will have an enhanced low income tax offset (LITO) that will mean that low income earners will have an effective tax free threshold of at least \$20,000.

Socialist Alliance

Our idea of tax reform is to fund the programs that would make poverty history in this country by increasing taxes on companies and the super-rich. We would end "work for the dole" and rebuild the welfare system to guarantee a living wage for welfare recipients. Furthermore we seek to eliminate unemployment entirely by reducing the working week to 35 hours, reverse privatisation and rebuild a modern, democratically managed public sector dedicated to solving the country's key economic and environmental problems. We will reverse the Welfare to Work provisions which unfairly penalise supporting parents, disabled people and the long term unemployed.

Socialist Equality

To answer the first part of the question I refer you to the outline in the answer to question 5. In regards to the second part of the question we call for an end to the cutting or "quarantining" of welfare payments and the demand the abolition of all work – for – the – dole schemes and the raising of social security and welfare benefits to a living wage. We also call for the cutting off of electricity, gas, water or telephone services to be outlawed. We don't believe there should be any punitive measures.

Greens

The Australian Greens believe in an equitable taxation system that generates the revenue necessary to fund public services at the appropriate level of government. We believe in reducing inequities in the current personal income tax system including by

reducing tax breaks for high income earners and eliminating high rates of effective marginal taxation for those on welfare benefits, among other measures. In general, we believe that progressive taxes such as income taxes are preferable to regressive forms of taxation such as the Goods and Services Tax (GST).

The Greens would remove the punitive assessment and work requirement levels and job capacity assessments introduced in the Welfare to Work Act 2005 whilst ensuring sufficient places for all people seeking training.

Our policy commits to restoring the Disability Support Pension eligibility to the pre-July 2006 criteria as a minimum.

Our Welfare policy seeks reform of the social security system to ensure an adequate income for all. This would include increasing Disability Support Pension payments to adequately cover medical, transport, equipment and accommodation costs.

The Greens want to provide meaningful employment and training opportunities which take into account the specific needs of people with disability, including mental illness.

Australian Democrats

The Australian Democrats support an increase the tax-free threshold so that the lowest earners are not taxed. See our income tax action plan for further details on a fairer income tax system

http://www.democrats.org.au/docs/ActionPlans/Taxation_IncomeTax_2007.pdf

The Australian Democrats did not support the Howard government's 'welfare to work' reforms in 2005 as the vast majority of people affected by these changes would not move from welfare to a job but simply from one welfare payment to a lower welfare payment. It particularly affects the most vulnerable and disadvantaged in our community and adds additional pressure because their ability to bargain effectively and achieve fair conditions of employment have been further eroded.

We do not believe that reducing people's payments helps them to get a job. Many people currently out of the paid workforce want to work but need more skills, advice and support. We would develop strategies that invests more in programmes that support people who face special barriers when it comes to looking for and staying in work, e.g. more education and individualised training, personal counselling, transport and child care assistance. We would also support employers to take on people with disabilities and encourage flexible working arrangements that better accommodate the needs of people with disabilities.

The Democrats also believe that the current breaching penalties need to be re-assessed and reduced. The current 8 week non-payment periods are too long and the impact of such legislation on already vulnerable people can have devastating effects on the basic necessities of living such as food and shelter.