

Tax Review

Submission to the Tax Working Group

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Contact

MARILYN HEAD, BA, MSC, PGCERT PH, SENIOR POLICY ANALYST

DDI 04 494 6372 OR 0800 283 848 | E-MAIL MARILYNH@NZNO.ORG.NZ | www.nzno.org.nz

NEW ZEALAND NURSES ORGANISATION | PO BOX 2128 | WELLINGTON 6140



About the New Zealand Nurses Organisation

NZNO is the leading professional nursing association and union for nurses in Aotearoa New Zealand. NZNO represents over 49,000 nurses, midwives, students, kaimahi hauora and health workers on professional and employment related matters. NZNO is affiliated to the International Council of Nurses and the New Zealand Council of Trade Unions.

NZNO promotes and advocates for professional excellence in nursing by providing leadership, research and education to inspire and progress the profession of nursing. NZNO represents members on employment and industrial matters and negotiates collective employment agreements.

NZNO embraces te Tiriti o Waitangi and contributes to the improvement of the health status and outcomes of all peoples of Aotearoa New Zealand through influencing health, employment and social policy development enabling quality nursing care provision. NZNO's vision is *Freed to care, Proud to nurse.*

EXECUTIVE SUMMARY

1. The New Zealand Nurses Organisation (NZNO) welcomes the opportunity to respond to the issues the working group has raised in relation to the Tax Review, and thanks you for extending the timeframe for our submission which was delayed due to unforeseen circumstances.
2. NZNO has consulted its members and staff in the preparation of this submission, including members of specialist Colleges and Sections, regional councils, the Board, Te Rūnanga o Aotearoa (Te Rūnanga), and professional nursing, policy, legal, and research advisers.
3. Our submission is also informed by consultation and discussion with public health colleagues, union and community sector advocates. There is a strong degree of unanimity on the principles of taxation and the key role and further potential of tax policy to advance public health and wellbeing.
4. NZNO broadly supports the submissions of the Council of Trade Unions (CTU) Public Health Association, the Equality Network and the University of Otago Public Health, among others.
5. Our submission is broad-based, reflecting working women's experience across a wide cross-section of communities, and encompassing the professional insight and reflection afforded by qualified nurses and midwives, trained nursing support and allied health workers.



6. In general, as consistent with an organisation and profession committed to social justice and democracy, NZNO supports a fair and progressive system of taxation, where:
 - sufficient revenue is gathered to enable a level of investment in public goods and services that is commensurate with meeting national and international goals for sustainability;
 - *all* income is taxed, with significantly higher taxes for very high incomes and lower or no taxes for those on low incomes;
 - there are realistic accountability levers for the health and environmental costs of industrial or commercial activities not accounted for in local, national or international markets; and
 - that is focused on reducing entrenched and intergenerational inequity to ensure all New Zealanders have the opportunity to be self-sufficient, and/or are supported in dignity when they cannot be independent.
7. The tax system must be fair to both Tiriti partners. Please note that the final section of this submission outlines the views of Te Rūnanga representing our 3,500 Māori members.
8. NZNO recommends:
 - an overall increase in taxation, particularly at the higher end;
 - a wealth tax (eg universal capital gains tax);
 - more generous welfare and income support payments to enable all to live decent lives;
 - reducing the regressive goods and services tax (GST) without introducing exclusions eg for fresh vegetables and fruit;
 - significantly increasing excise tax on goods and activities associated with significant health and environmental harm – eg alcohol and tobacco products (including e-cigarettes), gambling, fossil fuels.
 - introducing a tax on sugar strengthened foods and beverages associated with health harm (Berridge & Marriott, 2017); and
 - introducing financial services and other taxes which will reduce inequity within our Pacific Region and globally.

DISCUSSION

9. Nurses comprise about five percent of the female workforce, and a majority of the regulated health workforce. Together with midwives, students, and allied health and support workers, our membership represents taxpayers working with people of all ages and ethnicities in all health settings – homes, hospitals, general practices, prisons, and communities, including Māori, whānau ora, and Pasifika communities - throughout the country.
10. Registered nurses provide comprehensive assessments to develop, implement, and evaluate an integrated plan of health care, and provide interventions that require substantial scientific and professional knowledge, skills and clinical decision making. This occurs in a range of settings in partnership with individuals, families, whānau and communities.
11. Notwithstanding the limitations of the terms of reference, we welcomed the focus of the background paper on providing accessible information, clearly articulated options/alternatives and open-ended questions that genuinely invited public comment.
12. We do take issue however with tax being characterised as a ‘burden’, when efficient taxation systems are the principle mechanism for improving health and living standards. More needs to be done to change the negative narrative around tax to a positive one that reflects the value of tax and the individual and societal benefits.
13. Members are confident that Aotearoa New Zealand’s broad-based tax system is administered and managed fairly and transparently; that it is generally well understood by the mainstream, and performs well in comparison with many countries.
14. However, they are less confident that taxation is *just* in terms of the amount of tax that people pay relative to their earnings and ability to pay, or that tax policy is optimised to reduce the risks to, and leverage opportunities for improving, public health.

Tax and Public Health

15. We agree that the purpose of public policy is to improve the wellbeing all New Zealanders (p17). As health is fundamental to wellbeing, taxation must be focused on improving the health status of our population and enabling people to optimise their health potential. That means having a tax system that ensures people have what is needed to maintain health – secure shelter, food, a clean living environment access to health care and information, and connection with others.



16. The '5 R's' proposed by McCoy et al provides a useful conceptual framework for understanding the importance of tax policy to health improvement (McCoy, Chigudu, & Tillmann, 2017):
- Representation – taxation ensures democratic accountability and government's responsiveness to citizens' needs;
 - Revenue – taxation provides a universal pool of public finance for health care;
 - Redistribution – taxation can be used to redistribute wealth and income, and can mitigate social and health inequalities;
 - Repricing – taxation can be used to reduce consumption of harmful products; and
 - Regulation – taxation provides a route by which harmful industries can be regulated.
17. These five themes sum up our members' attitudes to taxation - primarily that it should be fair, proportional, utilised for public good, and redistributive.

Representation and Revenue

18. NZNO agrees with the important principle of tax incidence ie who ultimately bears the costs of tax as stated in background paper (The Future of Tax, p21), and that it is necessary to ensure the division of tax [burden] between buyers (consensus) and sellers/producers is accurately reported so as to not confuse 'statutory' incidents, thus raising issues of fairness. More transparency in tax incident reporting could help.
19. NZNO supports raising taxes to reverse tax cuts that have led to significant underfunding of essential public services such as health (Keene et al., 2016; Rosenberg & Keene, 2016). The taxation system also needs to be more progressive so that high and very high income earners pay a lot more tax than low and very low income earners.
20. All forms of income/wealth need to be taxed.
21. Tax revenue is heavily weighted towards individual income and GST which disproportionately affects low income earners, and vulnerable population groups, including those with insecure and intermittent employment.
22. NZNO supports higher taxes on corporate/ company income. A broad, progressive tax system with a reduced GST proportion/take is our preferred approach.

23. NZNO is not sanguine that the current **public spending cap** is consistent with support for an adequate level of investment in public infrastructure, social services and workforce development to ensure self-sustainability, or to meet international commitments. The cap is an austerity measure, consistent with other neoliberal economic policies, that have proven detrimental to public health and wellbeing, including economic wellbeing, in many countries over the past century (Stuckler & Basu, 2014).

Repricing

24. NZNO supports a planned and consistent approach to using taxation based on externalities to deliberately modify behaviours to reduce health harm, and enhance health and wellbeing.
25. We strongly support raising the price of alcohol by substantially increasing the excise tax on alcohol, which is strongly associated with heart disease, cancer, especially breast and bowel cancer, mental health disorders, including anxiety, stress and suicide. These are priority health issues consuming considerable health resources which could be utilised to promote health and prevent and treat disease.
26. We note that tax on alcohol is one of the few hypothecated taxes, though this meets only a tiny fraction of costs. Although there is some evidence that hypothecated taxes are more readily accepted by the public, we doubt whether this would make much difference in the long term – an adequate revenue base and Health Vote is more important.
27. The tax system could also be used to modify behaviour beyond alcohol and tobacco - for example a sugar/unhealthy food tax, or a petrol tax - as long as health impact assessments (HIAs) are conducted to identify and mitigate against unintended consequences.
28. HIAs would help identify any unintended consequences to vulnerable population or groups, for example, people with mental health and addiction problems and families relying on welfare benefits for household basics.

Redistribution and Regulation

29. There is a moral duty, as well as an economic imperative, for Aotearoa to 'pay its way', and reduce the inequity within our own country and others, arising from poorly balanced trade regimes, exploitative migration, discounting of the environmental costs of production, and tax evasion.
30. Taxation is powerful tool which must be used to balance the adverse consequences of inequitable and unsustainable concentration of wealth, and the failure of markets to ensure accountability for the health and environmental costs of production and consumption.



31. Globalisation, the relative power of multinational corporations (MNCs), and strength of multilateral organisations offer both challenges and opportunities to national, cultural, and community identity, self-determination and equity.
32. As has been exhaustively and conclusively shown, poverty, hunger, homelessness, discrimination, sub-optimal health and prospects are more or less directly attributable to inequity, often historically based (Marmot, 2008).
33. Similarly, the effects of climate change are a stark reminder of the adverse consequences of systems that are out of balance and the urgent need for full accounting of the real costs of production and consumption, so that informed decisions can be made to sustain Earth's living systems (Rockstrom, 2009).
34. The redistribution of resources and 'levelling of the playing field' so that all peoples have the opportunity to optimise their health potential, is the explicit driver of the United Nations Sustainable Development Agenda 2030 which aims to improve equity within and between countries.

Te Ao Māori and the future

35. Maori are disproportionately adversely represented in almost all indicators of health and wellbeing. Significant factors include lack of access to basic primary health care, poor housing, poverty, and structural discrimination, which are even more of a concern with higher fertility rates.
36. To shift such entrenched and intergenerational inequity requires the enactment of te Tiriti o Waitangi articles, and moving towards a tikanga Māori approach to wellbeing, such as *Te Whare Tapa Whā* embracing the four cornerstones of wellbeing: taha tinana, taha wairoa, taha hinengaro and taha whānau (physical, spiritual, mental and family/community wellbeing, respectively). This is essentially a public health model of care that encompasses both individual and whānau empowerment.
37. It is absolutely consistent with international evidence, best practice and effective health policy, as articulated, for example in the Declaration on Alma-Ata, 1978 which underlines the fundamental importance of universal primary health care – ie culturally competent health promotion, prevention of disease, early intervention, treatment and management of health.
38. Treasury's living standards framework provides an appropriate context for a comprehensive and consistent taxation system which is focused on promoting individual, social and environmental wellbeing, not only for New Zealanders, but also for our Asia-Pacific neighbours and those whom we trade with.

39. With regard to taxation and Māori participation in the economy, Te Rūnanga offer the following comments/questions which, to a certain extent, are indicative of the significant cultural gaps that persist despite te Tiriti o Waitangi.
- a) Firstly there is significant suspicion about the intent of this inquiry with regard to identifying new targets for taxation of Māori income/assets. We have previously identified and questioned instances where Māori have been expected to fund health services out of te Tiriti o Waitangi settlements that are publicly funded for other New Zealanders, effectively tripling costs for Māori.
 - b) Considerable education and caution will be needed to ensure that Māori are not adversely or inappropriately impacted by changes in taxation, especially any changes that may incentivise, or reduce deterrents to, businesses from exploiting land, and sea interests.
 - c) Recognising Te Ao Māori requires a genuinely different approach to doing the business, including education and training for a culturally competent workforce, more personalised support and advice, more knowledge and understanding about protecting the mana of specific culturally tapu assets from general commercial exploitation.
 - d) Māori, especially women, have traditionally been highly innovative and are naturally entrepreneurial, but not necessarily business savvy. The current mono rather than bicultural taxation system penalises this innovation. Specific Te Ao Māori strategies are needed to support and enhance the mana of Māori entrepreneurs, just as specific strategies have been needed in health to address high levels of tobacco addiction among Māori women, and sudden unexplained death of infants (SUDI) to achieve reductions in harm equivalent to the mainstream.
 - e) Taxation should incentivise the development of Māori businesses, including small whānau businesses, and protect Māori from cultural loss by overcommercialisation and misappropriation of Māori taonga by foreign-owned businesses. Exemptions could be given, for example, to authentic Māori brands or programmes.
 - f) More generally, language and communication about taxation, including tax advisory processes is not Māori-friendly, or consistent with tikanga, which is disempowering. The taxation system must be workable for Māori, who must be involved in its development and operation. There should be a process for monitoring outcomes for Māori implementation, using cultural indicators of wellbeing.



Nāku noa, nā



Marilyn Head
Senior Policy Analyst

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