



Fair Tax and Spending – *taxing and supplementing incomes* Fact Sheet

When we sit down and do our tax returns, we look for tax concessions that reduce what we have to pay. Many of us, particularly those with children can also claim a range of payments to help with their costs.

When we retire most of us draw part or full pensions, and if we can't earn a living – if we get sick, have an accident or lose our jobs, or can't work because we care for an aged parent or disabled child, we turn to the government to help us manage.

What is the problem?

The ability to balance care responsibilities with paid work are affected by taxation, loss of family payments, the costs of working, cost and access to services including child care, and failures by employers to recognise the need for flexibility (see fact sheet *Workplace Culture*). The combination of all these things affect the choices people make in the jobs they take, the hours worked or even whether to work at all if the net financial gains are worth it.

It is mainly mothers who make these choices, and the rational choice for many is not to take up paid work. This is particularly true for single mothers who do not have anybody helping out with child care.

The Henry Report into taxation states:

- The system is inherently biased against paid work because of the taxation of wage income (but not home production), the removal of benefits as earned income increases and the availability of government payments as a substitute for paid work.

Key causes: why does it happen?

While income tax is based on an individual's income, support payments can be made based on family income. This means that when mothers return to the workforce after having children, the withdrawal of family payments can mean that if they are in low income, part time jobs, they can end up with less money for working than they do if they stay home. Research by the Federal Treasury, and The Henry report into taxation both showed this as a real problem which affects the participation rates of women with parenting/care demands.

- Family Tax Benefit B compounds this problem, as it is a payment specifically for single income families.

What needs to be done

The Henry Review made a number of recommendations for combining family payments, reducing withdrawal rates, and simplifying the tax system for low-income earners.

The Social Inclusion agenda needs to be extended beyond just forcing people into a paid job. Caring roles, whether for children, aged parents or others in need, should be recognised as valuable contributions to society. Importantly, workplaces need to be flexible enough to allow everybody to manage all aspects of their society, and to encourage fathers as well as mothers to care for their children.

WEL will be using our Feminist Policy Framework to lobby government for policies that increase fairness.

- *Ensure the costs and benefits are fairly distributed between women and men, as well as between different groups of women*
- *Value and reward fairly people's different skills, experiences and contributions*
- *Recognise the value of caring and supporting roles, whether paid or unpaid*
- *Recognise and rectify past and current inequalities and between men and women; and*
- *Enhance opportunities for both women and men to take on equal rights and responsibilities in all aspects of society: politics, community, employment and social life*

What you can do

Ask your local member

- Do they support The Henry Report recommendation to combine the two childcare subsidies and the two family benefits to reduce the withdrawal rates for parents moving into the paid workforce
- What are their views on improving the ability for parents to move in and out of paid work to better care for their families as and when needed?
- Do they recognise the particular difficulties for sole parents in getting and maintaining paid work, and do they believe these need to be considered before forcing sole parents into inappropriate paid work?

Make your voice count for fairness