

# **WACOSS**

## **Comments on Executive Summary of the Interim Report State Taxation Review April 2006**

WACOSS provides the following comments on the draft of the Executive Summary of the Interim Report of the State Taxation Review.

WACOSS has made written submissions and verbal presentations regarding our perspective on taxation reform since the commencement of the review. The comments contained within this document should be read in the context of our previous comments and our position remains unchanged.

### **General Comments**

We are concerned at the use of the term 'community' or 'community priorities' throughout the document to mean the range of different stakeholders and interest groups consulted during the process. In most incidences in the document, 'community' is actually describing organisations representing the interests of the private sector. It is not accurate to suggest that the views of these organisations can be equated with the views of the broader community or of community sector organisations. WACOSS would prefer that the report more accurately identified where different views expressed in the report arise from. In particular, we would like to see 'Community' removed from the title at the top of page 3.

The report uses the term "tax relief" liberally, which has a certain amount of unnecessary emotional resonance. WACOSS would prefer that the more accurate term "tax cuts" was used in place of "tax relief".

### **Page 3 "Using the Tax System to Achieve Broader Policy Objectives"**

WACOSS suggests that is somewhat disingenuous to suggest that State taxes are not currently used to achieve broad public policy objectives. Economic policy objectives are directly influenced and impacted upon by State taxes. In addition, the broader principle of using taxation to achieve policy objectives is well established, with one obvious example being the high taxation on alcohol and cigarettes as both a disincentive and to fund.

### **Page 4 "Overtaxing"**

The third paragraph in this section of the report is somewhat contradictory, where it acknowledges that within the current taxation system, Western Australia is experiencing the current boom conditions, as well as the 'evidence of State taxes having limited impacts on the economy'. The evidence stated here would suggest that further widespread tax cuts are not necessary for maintaining economic growth.

### **Page 6 "Impact of Stamp Duty Cuts on House Prices"**

WACOSS supports the concern expressed about the impact of stamp duty cuts on house prices, given that Western Australia is already experiencing a crisis in housing affordability.

**Page 8 “Review of State Government Social Concessions”**

WACOSS agrees that a separate project is required to review State Government concessions, and it would be an appropriate outcome for the State Taxation Review to recommend that this review be undertaken. WACOSS has long called for a full review of State Concessions that would ensure the accessibility, equity, and adequacy of current and proposed concessions could be assessed against interstate and best practice concession models.