



## Joint statement:

# State and Territory COSS network with ACOSS

Tuesday 20 May, 2014

### **Budget rethink needed to keep Australia on course**

The Federal Budget does not set a course for building the social infrastructure and opportunity that Australians need according to representatives from state and territory Councils of Social Service meeting in Sydney.

“An open and transparent conversation is needed with the community, business and state and territory governments to identify the services and safety net Australians expect, who will deliver these services and how they will be funded.

The backlash the budget has received from State and Territory governments and from the community shows it delivered no certainty on any of these points.

Australia stands at a cross roads. If implemented, this Budget will deliver some of the harshest living conditions low income earners and vulnerable people have seen in decades. It will also go no way to addressing the true challenges Australia currently faces.

We are currently one of the lowest taxing countries in the OECD with one of the lowest debt levels. What we don't have is the sustainable revenue base needed to deliver the services that a country in Australia's economic position has the capacity to support.

Government, business and the community must work together to deliver a long term plan for Australia that is sustainable and does not disproportionately hit those who can least afford it.

Many of the measures in this Budget, including co-payments to see a doctor and changes in support for young people and people with disability are quite extraordinary. We must see changes in these and other areas of the Budget or it is unclear how many people affected will get by.

If people start avoiding going to the doctor because their income won't allow it we will see a huge rise in chronic illness and even more pressure on our health system.

The big questions Australia now faces about how to deliver and fund these services and provide the safety net Australians expect must be answered through robust public discussion, not by using a budget to starve the states and push the debate into crisis mode.

We must ensure there is no longer a situation where federal, state and territory governments can pass the buck on responsibility for delivering crucial services such as health and education.

Part of this is establishing a sustainable revenue base. Tax reform has to be a part of the process of delivering this but we are concerned there is an assumption that increasing the GST is the only fix.

While the GST should be part of a broader discussion about tax reform, we cannot assume that its adverse impact on low incomes earners can be wholly addressed through compensation which we know to be vulnerable to erosion or withdrawal over time.

We would be very concerned if this discussion did not also look at reforming other tax concessions that mainly benefit high income earners, including superannuation tax concessions, negative gearing and capital gains tax, company and family trusts, land taxes and stamp duties.

All of these were identified by the Henry tax panel which is widely considered the best place to restart our debate about tax reform in this country.”

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**This media release was prepared by the national network of Councils of Social Service.**



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