



## **Tax Working Group Public Submissions Information Release**

### **Release Document**

**September 2018**

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

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### **Submissions to Tax Working Group**

Dear Sir, madam,

#### **Introduction.**

My comments include the views expressed in conversations among the community group Transition Towns. My driving concern is the need to build local community resilience (local food, energy and economy) to be able to adapt the numerous threats bearing down on society.

#### **Fairness to all.**

Obviously taxation should be fairly apportioned among the whole community. The present situation appears to favour a certain portion of our society, generally the more wealthy, as against those less fortunate of our society. The resultant inequality ultimately would lead to a breakdown of society cohesion.

Unfortunately for many reasons, there is a portion of our society who are less fortunate and it is therefore necessary for Governments to correct this well-being imbalance by providing health, education and other essential public services. Research has shown that societies that rate high in happiness, thus well-being, such as several northern hemisphere countries, tend to have higher taxation rates.

This may suggest moving to a system that taxes capital rather than ones income. However there must be no room for loopholes/distortions as are currently occurring by the use of such facilities such as trusts. I certainly would be prepared to pay more tax if it meant our public services of education, health etc provide better well-being outcomes for all of our society.

If we tax to provide prudent societal direction eg cigarettes, sugar, fossil fuel emissions – which I support – there must be counter move to compensate those less fortunate in our society that would be more directly affected.

#### **Is there a better way?**

The future points to an input/output taxation imbalance due to an increasing portion of society reaching retirement age while simultaneously there is a reduction of those at the tax paying age.

Even currently there is insufficient tax to overcome child poverty, homelessness, inequality, housing affordability, fair wages to professions such as nurses, teachers, hospital waiting lists, infrastructure issues – the emerging list seems endless.

The present financing of the above is via taxation and/or conventional private bank borrowing. The latter represents an interest liability to the Government's (and Regional/District Councils) to the present unstable global 'ponzi' financial system. Many commentators are advising of an alternative including an IMF Working Paper titled "The Chicago Plan Revisited".

Banks create new money (out of thin air) all the time for their own profit so why shouldn't governments do the same, to help finance the above mentioned issues. We have already a NZ example in the 1930s, when the then government created new money to enable the building of new state houses.

Public unawareness of this obvious, as was mine until recently – and this also appears to be the case amongst our elected representatives. Obviously the banking industry would prefer it remain that way as illustrated by Don Brash's recent denial of the same. May I recommend a link for further information: [www.positivemoney.org.nz](http://www.positivemoney.org.nz)

It is appropriate that the creation of credit by our Reserve Bank should be considered as part of the tax working group to ease the tax burden and reduce NZ's overseas debt interest liability.

#### **Central v Local Government.**

NZ has another imbalance that needs readdressing - New Zealand's Local Governments have the lowest proportional share of public expenditure relative to central government in the OECD. With the increasing need for local communities to build resilience to such threats as climate change, a larger portion of public expenditure should be allocated for communities to address their local concerns.

Thank you

Ross Clark

PS – The recent number of local body/central government submissions to complete has left me little time to fully research your consultation documents and answer your direct questions. I trust you will allocate the appropriate comments from my submission accordingly please – thank you.