

Tax Working Group Public Submissions Information Release

Release Document

September 2018

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Submission to the Tax Working Group

This is long. But so has been the arrival of the many social ills now clamouring on our doorstep. You wanted feedback. Here are some changes. Happy to hear back.

Outline

Section 1: Overview

Section 2: Table of Tax - policies to implement

Section 3: Work and Flexicurity Model

APPENDIX: Rebuttal to the submission by the tax payers union.

Overview

What we are doing isn't working. That's why you're here, reading this submission. But there will be many that trot out the same old tripe;

"Government is inefficient and lower taxes would mean more efficient spending by the private sector"

"We are taxed more than what can be justified. Individuals, families and businesses are best placed to decide how to spend or invest their money"

"Taxes should not be used to change behaviours - consumers should be left to decide what is best for them."

Bull. Total rogeronomics trickle-down lies that have failed. Repeatedly. Globally. Unregulated wealth accumulation and private distribution does not reward society. That's a democracy that looks about as convincing as a certain comb-over on a windy day.



Why the blindness to seeing the podium or pit where every baby will take their first step?

Children are the focus of this submission as the future of tax will have a direct impact on the society they are born and raised in. As the current generation wears the consequences of previous reform so too will the coming generation benefit or suffer by the choices made today.

Because in the face of those who cling to what they have(1) or others who seemingly reach for what is not theirs(2), I think we all agree that we want to leave our children a brighter future.

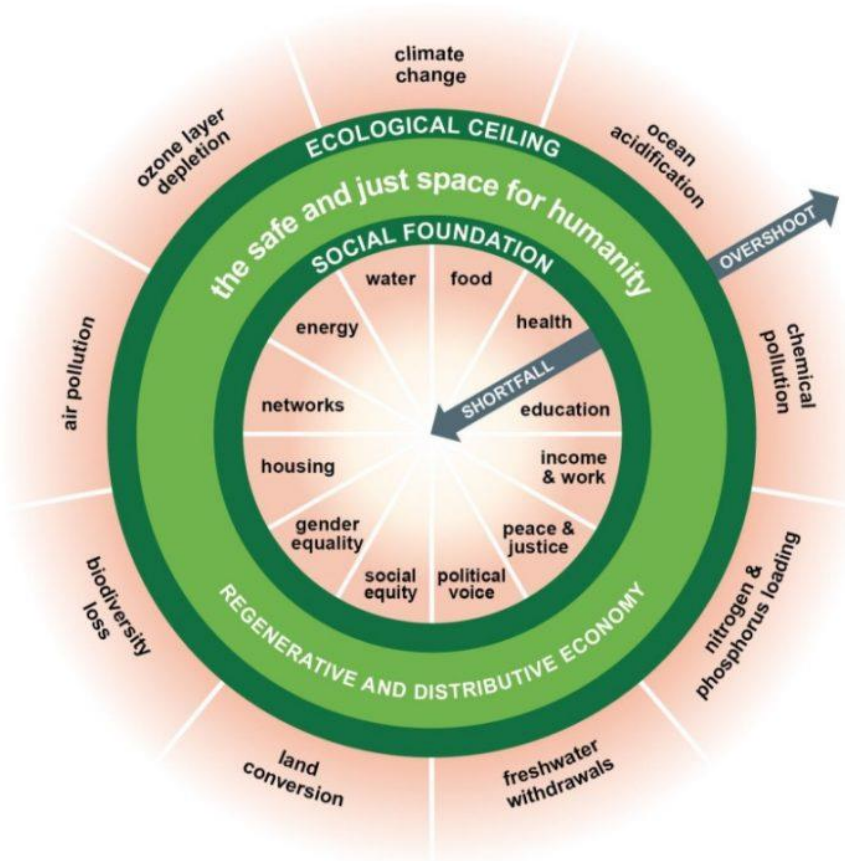
- (1) https://www.taxpayers.org.nz/send_twg_submission
- (2) <http://www.scoop.co.nz/stories/PO1804/S00258/closing-the-gap-submission-to-government-tax-working-group.htm>

We need to stop punishing people who are born not lesser, but with less. Stop entitling people to the delusion that they somehow 'earn' a mansion by Lake Wanaka having worked not a day more nor harder than those who retire in state housing. Somehow more deserving of their wealth than a child of a meal and a roof over their head.

Because when you're accustomed to privilege, equality looks like oppression and you only really learn about empathy from someone who is like you - an impossibility in an inequal society.

Tax is love. Tax is real social investment and how society moves forward constructively or destructively. The past 20 + years has seen growth at the expense of the environment, at the expense of public services, at the expense of the poor and at the expense of NZ being a respectable leader in the world.

We should be aiming as a society to address our fundamental needs first and sustainably:



(<https://www.kateraworth.com/doughnut/>)

“People who hold a lot of their wealth in land will be taxed more than those who have wealth in other things, like gold or shares. These might not be the people we want to tax more.”

(<https://taxworkinggroup.govt.nz/sites/default/files/2018-03/twg-fact-tax-issues.pdf>)

Currently, the main bases to the tax system, GST and income, target the poor. Should we tax them more? Privatise prisons that we can tax as they generate revenue from our poverty-driving policies? While we simultaneously struggle to treat the many problems poverty creates such as domestic abuse, addiction, crime, behavioural/learning difficulties, etc. Great! Oh wait...

Also why don't we treat housing like an investment opportunity instead of a basic human need? Great! Oh wait...

Or water, like a limitless resource rather than vital to surviving more than 3 days? Great! Oh wait...

Climate change and environmental damage disproportionately affects the poor. Over the past 40 years plus the rich have safely had their swimming pools while the once popular rivers and lakes became toxic. So it hurt a little to read the stupidity behind this one:

“But sometimes it's hard to work out what the cost of pollution is. What is the cost to society if one particular river is no good for swimming? What if it's in an area where no one lives? Or in a popular tourist area?” (<https://taxworkinggroup.govt.nz/sites/default/files/2018-03/twg-fact-tax-issues.pdf>)

This is stupid indeed. Do you think pollution happens in isolation? Is that how the world has been shown to work? Every river, everywhere, counts. Pollution is nothing more than lazy problem-shunting from a business or individual into the environment and so onto the whole of society (and future generations/current).

Pro-active planning of waste disposal at the very start of production should be considered as relevant as consumer demand in any modern business model or product development path. We need to have length and end-of-life of product a compulsory consideration to pre-empt pollution or this will continue to be a clean-up issue forever. Every river. For goodness sake.

It's as silly as fencing large streams only to prevent nutrients from smaller streams trickling into them...oh wait. All the water in the world is connected. Let alone thinking it isn't within one country.

This whole “THAT SOUNDS GOOD. BUT IT GETS COMPLICATED” spiel about addressing the disproportionate impact GST has on the poor vs the rich is also lazy problem-shunting.

If exemption from GST is a problem because tax is complicated then subsidise?

Anyway, this is a difficult task. No matter what you do people will not like you.

But the worst, absolute worst, that you can do, is fail to make any difference at all.

So some suggestions

Section 2: Table of Tax - policies to implement

Some policies are effective in addressing multiple problems and so repeated.

Societal Problem	Tax policy	Reasons and relevant references
<p>GDP a failing metric and misleading guide – or rather, who does the market serve? If the economy is not beholden to the benefit of the future generation then what is it good for? For it will certainly not be for good.</p>	<p>Policies and economic analysis must include alongside and prioritise above GDP the following elements of society currently not economically targeted: Social sustainability (not sustainable growth), health, infant mortality, morbidity, suicide rates, crime, poverty, environmental health/decay, life span of consumer durables and public infrastructure, family breakdown, loss of leisure time, cost of commuting to work, income gap (women/men; poor/wealthy).</p>	<p>The OECD and UN are considering alternate metrics (https://sustainabledevelopment.un.org/content/documents/5769Beyond%20GDP%20Indicators%20to%20what%20end_rev.pdf) Here is a working summary document of what existing metrics (GPI, FISH, UNHDI...) account for and others don't (http://www.consultmcgregor.com/documents/resources/GDP_and_GPI.pdf)</p>
<p>This policy would serve to guide NZ to a better future where social inequality/instability is minimised</p>		
<p>Economic inequality</p>	<p>Progressive tax and a capital gains tax are the most obvious and effective answers. Above \$100,000 income should be taxed similar to Denmark rates, with added percentages every increase of \$50,000 – the median wage of a NZer. Below the liveable income bracket a negative income tax should be applied so as sufficient to live on. All sources of wealth including long-term investments in property, all shares, inheritance, a stamp duty, family trusts, gifts, land, all property - including the family home - should be taxed. Currently the NZ tax system is distorted to draw most heavily on income and this is shown in our straining health system and high child poverty rates as this tax system is one where the generationally impoverished, without property, land, inheritance, etc, are shouldering more than they can sustain. While those already with wealth can employ wealth to hide and accumulate more wealth – wait, for what? It's not like they can take it with them when they die. Oh, right – generational wealth accumulation The extension of a safety net for everyone in society (including for those who own property and suffer sudden job loss so they are asset-rich but cash income poor) is fair so long as all sources of wealth present in society contribute to the whole.</p>	<p>Denmark is consistently one of the happiest countries because tax is understood to be the social investment necessary for any child to grow up without fear or neglect. (https://www.usnews.com/news/best-countries/articles/2016-01-20/why-danes-happily-pay-high-rates-of-taxes) Above a certain threshold of income wealth does not increase quality of life so much as draw wealth for the sake of it, thus increasing inequality (http://www.pnas.org/content/107/38/16489.full) Unless generational wealth accumulation is explicitly targeted through tax, inequality will grow and society will destabilise, as is occurring globally (https://greatergood.berkeley.edu/article/item/are_the_rich_really_less_generous, https://www.theguardian.com/inequality/2018/jan/22/inequality-gap-widens-as-42-people-hold-same-wealth-as-37bn-poorest, https://www.theguardian.com/commentisfree/2018/mar/04/george-osborne-eliminating-current-deficit-austerity-terrible-cost-hubris)</p>

		No accountability currently for wealth hoarding is driving public services to bust and children into poverty.
These taxes would go towards addressing current and future job insecurity, formation of a dynamic workforce, reduction of child poverty and all associated ills (crime, addiction, abuse, etc) as well as generational wealth accumulation and growing inequality.		
Land coverage decreasing and value increasing	land should be charged a percentage value annually and stamp duty reinstated	Land value is guaranteed to increase as population increases. So also. Stamp taxes for transferral of land. If you have GST on commodities being exchanged from one to another. Land is a big darn commodity. Not exactly easy to make more of and disappearing in this warming climate too.
Housing prices	This seems to cover all the bases: https://www.top.org.nz/what_will_top_do_about_negative_gearing A roof over your head is a basic human necessity first. Not an opportunity to turn a buck	If you own the house you live in you save \$\$/wk from the equation: (rent you don't have to pay) – (council rates you have to pay). This is always a positive number.
Seriously, TOP and Australia are all the info ya need to address this one		
Stealing from children to feed their grandparents aka, aging population and non-means based superannuation	Reverse the system. Means-based assessment for access to full superannuation. Unconditional basic income/negative income tax for those early in life encountering climate change, stagnant wages, high job insecurity and exhausted health and public system.	Early-life targeting is the best economic policy a government can take in fostering a stable, happy society and saving money from problems such as youth crime, poor mental health, etc. (http://www.occ.org.nz/assets/Uploads/EAG/Final-report/Final-report-Solutions-to-child-poverty-evidence-for-action.pdf)
This tax would redirect funds from fluffing an already comfy retirement into poor homes or low-wage work such as in nursing and palliative care, with clear benefits for those wishing to enjoy autumnal years in a nice NZ with happy caring hands.		
Government bears the burden of rising unemployment while business profits from increased productivity.	Robot tax - tax on any company engaging technology that replaces low-wage jobs so as to supplement a negative income tax for those who currently have very little to no job security. This should be clear under their listed assets such as 'self-checkout machine'. Business growth does not sustain society when productivity is increasingly disconnected from the labour force.	Automation is here. Right now the government is set to foot the bill for more of it -"According to our estimates, one more robot per thousand workers reduces the employment to population ratio by about 0.18-0.34 percentage points and wages by 0.25-0.5 percent" (https://economics.mit.edu/files/12763)
This tax would go directly to support the current and future NZ workers being replaced and into upskilling work programmes as in Denmark		

Lifestyle diseases such as obesity and diabetes	Sugar Tax – tax on any processed sugar (i.e. not fresh fruit) or sugar derivatives such as corn syrup, similar to alcohol. If this non-nutritious, addictive and disease-causing substance was introduced into market today it would be highly regulated in food.	Big Sugar is here, using the same tactics as Big Tobacco in historically suppressing studies to negative health effects (http://journals.plos.org/plosbiology/article?id=10.1371/journal.pbio.2003460) NZ government is again, paying for someone else's profit as lifestyle diseases such as obesity and diabetes linked to high sugar intake are on the rise and the health system is groaning under the weight of it. (https://qz.com/1134313/sugar-health-effects-50-years-ago-the-sugar-industry-hid-evidence-from-the-public/ , https://www.odt.co.nz/news/duedin/health/disadvantaged-paying-poverty-their-teeth)
This tax could be directly earmarked to lower dental costs in NZ and funding childhood obesity programs.		
Lifestyle diseases such as obesity and diabetes	Subsidise fresh fruit and veges (since maintaining a consistent GST has benefits) This will decrease the proportion of the average low-wage income spent solely on food. Furthermore, this will assist a change in the average NZ household to a more plant-based diet required to sustain a growing global population without undue environmental cost.	GST has hit the poorest the hardest and this is not helping child poverty, poor nutrition and obesity in NZ. (https://www.interest.co.nz/news/89002/beneficiaries-and-lower-income-groups-have-been-hit-hardest-typical%20cost-rises-over-past)
Fruit and veges need – and really logically should be - cheaper than processed foods such as chips. This would improve nutrition, reduce lifelong healthcare costs and damage the environment less.		
Tax evasion	Harsher penalties for high-threshold tax evasion alongside a more transparent and friendly tax system. One can hope that with sufficient penalties in place they might just pay instead of take the risk. Also start measuring dynamic poverty statistics. Tax evasion is use and abuse of public good and the coming generation.	In a country where 1 in 6 children are raised in poverty, these figures turn the stomach: • 193 New Zealanders own or control assets worth more than \$50 million • 161 have filed tax returns for the 2012 financial year • 107 have declared their personal income is less than \$70,000 http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10887756
This should generate some revenue from those that are morally bankrupt but can otherwise afford it		
The Panama Papers shame/John Key's legacy	NZ should be exceedingly proactive in cooperation with international governments to target global tax evasion given our previously willing enabling of	http://www.scoop.co.nz/stories/PO1401/S00011/who-owns-nz-foreign-control-key-facts-updated.htm

	global economic thievery. As part of this we should close loopholes allowing loose investment in land as well as instituting accurate international measurements for wealth and what bonuses/tax freebies we give industries.	Please gawd change whatever loopholes and tax is enabling this atrocity: https://interactives.stuff.co.nz/2018/01/half-a-million-hectares-sold/#alpha-burn-station-VU5RNZyT0I
This should make headway into restoring NZ image internationally in a way that is positive to the parts of society whose investment we should be courting/encouraging		
Climate change	Subsidise green tech instead of a fuel tax that will disproportionately hurt the poor. If you need tax revenue that bad for improved road infrastructure/climate change policies - tax the truck/tanker companies that endanger the road and cause excessive wear – this might also encourage them to shift more cargo to rail, a more climate and socially conscious mode of product delivery.	The poor already struggle with the cost of living, are less likely to be able to afford fuel-efficient cars and more likely to have a longer commute to work. A fuel tax will only drive the vulnerable deeper into poverty given the scarcity of usefully frequent public transport in NZ cities. Given the poor are already billed to pay for climate change the most it seems a little cold to ask for pre-payment. https://www.stuff.co.nz/environment/80441421/Eating-the-shore-New-Zealands-shrinking-coastline , http://www.mfe.govt.nz/climate-change/how-climate-change-affects-nz/how-might-climate-change-affect-my-region/west-coast , https://www.nature.com/articles/d41586-018-04854-2)
Smart tax for smart changes, the poor can't afford much more strain and incentivising implementation of green tech through tax subsidies is more likely to foster good businesses		
Climate change	Tax on building site waste tax break on building sites implementing recycling of materials – this should remove some for the environmental tag of new housing. This could be incorporated under polluter pays and green incentive tax packages.	This could also cover companies involved in energy-efficient/ green tech retrofitting of houses with cladding/insulation, greywater recycling and rainwater collection.
Smart houses should be the standard in NZ, benefiting the environment, assuring against increasing water insecurity and providing a sustainable healthy home. This could also make a big difference economically: https://theconversation.com/want-the-economy-to-grow-its-time-to-look-at-cities-and-efficiency-54517		
Energy consumption	Tax breaks for companies that assist poor households to change to more energy-efficient lighting and whiteware This could be written in as 'green charity' by a business.	One of the neglected parts in the balance of economy and environment is energy. Population increase demands that we change to a more energy efficient way of living. The poor can rarely afford this shift.

Pollution	Polluter pays tax for any business operating in NZ Polluter pays for any NZ business operating globally? Palm oil tax or similar on any products containing unethically/unsustainably sourced ingredients	I suggest we start examining our global impact as a country too. Importing PKE is hardly climate friendly at the tonnage currently. It has been identified as a significant source of income in the palm oil industry.
Pollution taxes should have a global outlook built into them for both problem and solution finding		
Not enough business	Encourage small businesses by mitigating tax penalties for start-ups and making process more transparent. Maybe institute a progressive company tax Encourage entrepreneurship by removing job insecurity	Not sure on this one. We're not even taxing the profit off of selling businesses and they're complaining of paying liveable wages in NZ – so why should the taxpayer subsidise them?
Give people enough financial/income security with a negative income tax that they can seek out the opportunities to grow great ideas, create businesses and be productive.		
Benefit generations	Additional low-income tax bracket. Remove second job tax if below certain threshold – i.e. making ends meet. Similar taxings on savings should be reduced or, in case of people on benefit, removed below certain threshold so room for 'emergency fund' allows better financial planning, budgeting and support as they move into employment. Currently, dangerous credit card debt is encouraged as benefit drastically slashed or halted if saving present for emergency such as car repair.	No the poor are not lazy. They are not stupid. Yes they do know how to spend money. Or at the very least should be given the same ability to self-govern and make mistakes and learn as our banks have. With no doubt far more positive societal consequences. A UBI would give back dignity and self-autonomy. They belong and will be positively not punitively supported.
Unconditional support with positive incentives to work such as ability to save would ease re-entry		
Underfunded/strained conservation Desperate need to address multiple endangered freshwater species	Tourist tax It's lovely and simple. No fee per national park, just upfront contribution at the airport for all non-NZers towards sustaining the (remaining) natural beauty of this country.	Seriously, this is a premium destination and maintaining the environment is only going to get harder, not easier as our population and the tourism industry grows.
DOC is chronically underfunded despite the importance of the tourism industry. We need this tax.		
Extensive water pollution and unsustainable water resource practices in the context of an approaching global water crisis	Water Tax Accurate measurement of the quantity and health of this precious, vital, basic resource (not commodity!) (http://pureadvantage.org/news/2018/04/24/lawa-gone-beyond-remit/) Taxing of water bottling companies exporting	Cape Town ran out. Aquifer science isn't clear on how long, or if, they can replenish or self-clean. We need to lockdown on this now before it is too late. Also can't believe we're subsidising plastic pollution and poor working conditions for what? Nothing almost (https://www.stuff.co.nz/business/99726885/its-just-so-dangerous-Squalid-conditions-reported-at-water-bottling-plant)
Water is taken far too much for granted in NZ. Dangerously so in the face of climate change. A tax is a great start to making people understand it is not for exploitative investment but a human need		

<p>Prison population</p>	<p>Close private prisons. Legalise drugs and tax them instead – earmarking that tax for addiction programs and combating established gangs as well as renovating prisons to be places of social rehabilitation instead of punishment. Institute UBI to target poverty and financial stress contributing to crime</p>	<p>Prison populations are a societal burden and shame. Convictions based on drug addictions are like sentencing someone to death for attempted suicide. You are merely assisting them in their self-destruction through a tokenistic moral action that makes you feel better</p>
<p>Drug addiction</p>	<p>Legalise drugs and regulate prescription/access to them in medically supervised locations or mobile buses. “the individuals afflicted with substance addiction need medical help, not jail” https://www.huffingtonpost.com/myisha-cherry/our-biased-compassion_b_4739361.html Anne Case and Angus Deaton of Princeton University have chronicled the rise of “deaths of despair” and argue that opioid use in America in part reflects a long-term decline in well-paying jobs for those with a high school education or less https://chicago.suntimes.com/columnists/mexico-should-legalize-drugs-and-so-should-chicago/</p>	<p>Addiction is a brain disorder not a moral failing, nor a disease, and needs to be treated as a health issue for effective recovery https://blogs.scientificamerican.com/observations/what-does-it-mean-when-we-call-addiction-a-brain-disorder/ Portugal, non-punitive, rehabilitative https://71republic.com/2018/04/08/portugal-winning-drugs/ Not in vacuum: https://www.leafly.com/news/politics/portugal-drug-decriminalization-statistics https://www.historyextra.com/period/modern/1940-the-year-mexico-legalised-drugs/ Additionally alongside UBI: the economy grows and there is a robust social fabric and safety net, so fewer people self-medicate with drugs. https://www.independent.co.uk/news/long_reads/portugal-drug-laws-problems-abuse-decriminalised-results-success-study-cocaine-marijuana-heroin-a7996896.html</p>
<p>Rising gang presence</p>	<p>Legalise drugs Criminalization of drugs puts power in the hands of gangs to hassle harmless local growers and businesses. These gangs are homes of domestic abuse and they do not offer help to addicts because they have no incentive whatsoever to support that. “See, if you look at the drug war from a purely economic point of view, the role of the government is to protect the drug cartel. That's literally true.” — Milton Friedman^[100] Legalisation of drugs also decreases corruption</p>	<p>The creation of drug cartels^[edit] Mass arrests of local growers of marijuana, for example, not only increase the price of local drugs, but lessens competition. Only major retailers that can handle massive shipments, have their own small fleet of aircraft, troops to defend the caravans and other sophisticated methods of eluding the police (such as lawyers), can survive by this regulation of the free market by the government ... it is because it's prohibited.</p>

<p>Oh my look one policy that relieves so much suffering. It's about time we stopped the hypocritical double standard where rich/famous drug addicts need rehab but poor need prison. https://www.huffingtonpost.com/myisha-cherry/our-biased-compassion_b_4739361.html</p> <p>Oh and also where it's totally OK to change gambling laws for a casino with dodgy addict assistance in the past and institute private prisons it's a little weird for NZ to be upset by having health officials be involved in drugs. It's a health, not a moral issue. Same as prostitution and abortion.</p>		
Intensive dairying damaging the environment	Cow Tax	If business capital is taxed cos it's an asset, shouldn't there be a tax/head on cows?
<p>No I don't actually think this should go through except under polluter pays maybe, certainly it would help discourage the most environmentally damaging intensive agricultural practices. The problem being that farmers themselves can have vulnerable margins and are suffering from rising suicide rates. I think the farms could do with being broken up as done in the past to the benefit of NZ farmers. Monopolies aren't good for sustainable practices.</p>		
Poisoning of aquifers	<p>Canterbury region/other fragile regions Incentivise switch from dairy to better land use</p> <ul style="list-style-type: none"> - Tax water used in irrigation - Tax fertilizer <p>Switch to small-scale organic farming, this fits with clean green premium NZ product image as well as reducing environmental impact so as to make that claim ring at least a little true.</p> <p>We have one of the leading soil science centres in the world. Lets use this recent cull of overgrown herds in the South to offer tax breaks (short term and maybe conditional return upon profit being made – I mean hey, you make students pay ya back for investing in their future so why not businesses in their own profit?) to change to organic farming.</p>	<p>Irrigation encourages intensive dairying that will ultimately result in a very big, dirty future bill (that we are only just starting to pay).</p> <p>Smart agriculture is actually more 1) productive, 2) sustainable, and 3) profitable as you're not paying all the ecological or other costs. Up to 80 % reduction in fertiliser use! It's time for NZ to think smart, not big.</p> <p>http://aseed.net/en/climate-smart-fertiliser-addiction-business-as-usual/</p> <p>https://fcrn.org.uk/research-library/keywords/fertilizer-use</p>
<p>Alongside water quality, soil health is also a rising global concern. In NZ they go together a lot.</p>		
Slowing economy	<p>UBI and lower income tax bracket will put dollars in more pockets in the population that will spend them in NZ, not overseas or squirrelled into a trust fund or 'family home'.</p> <p>This increased circulation also leads directly to a stronger economy through multiplier effects.</p>	<p>"Someone on Wall Street getting another dollar adds 39 cents to the economy, whereas a low-income earner getting another dollar adds \$1.21 to the economy. That's three times better for the economy. So making sure everyone in the bottom 60% has money to spend into the economy makes a hell of a lot more sense than the top 20% being shoveled even more money."</p> <p>https://medium.com/basic-income/its-time-for-technology-to-serve-all-humankind-with-unconditional-basic-income-e46329764d28</p>

<p>Seriously, a UBI system really isn't a loser. You're going to save money long-term (and probably short-term from simple streamlining effect) and you're paying through the nose for welfare for little effect right now</p>		
Low income	Second job tax removal	<p>If someone is working two jobs to make ends meet that is a real struggle that many NZers are facing.</p> <p>This should be differentiated from a part-time consulting job contributing to \$xxx,000 income.</p>
<p>This tax would encourage work as more incentive since get more back in pocket. More back in pocket means more spent in the economy.</p>		

I'm sorry I have only recommendations and links to submit and not hard numbers. But the growing international consensus on these policies is real.

Section 3: Work and a Flexicurity Model



Figure 1: This machine allows anyone to work for minimum wage for as long as they like. Turning the crank on the side releases one penny every 4.97 seconds, for a total of \$7.25 per hour. This corresponds to minimum wage for a person in New York. This piece is brilliant on multiple levels, particularly as social commentary. Without a doubt, most people who started operating the machine for fun would quickly grow disheartened and stop when realizing just how little they're earning by turning this mindless crank. A person would then conceivably realize that this is what nearly two million people in the United States do every day...at much harder jobs than turning a crank. This turns the piece into a simple, yet effective argument for raising the minimum wage. <https://rwer.wordpress.com/2016/04/26/minimum-wage-machine/>

“When I was young, security meant having a good, solid job. This was not very exciting—but in a way, it was very safe. This security disappeared as globalization emerged. Security is no longer to hold on desperately to the same job throughout your life. Security is to stay cool when you hear rumours of outsourcing from the boardroom. Because deep down you know that you have solid skills and that you will quickly be able to find a new job if the old one is relocated. Security is not to be able to stay on. Security is to be able to move. It is precisely this new security through training and education that we have now embarked on creating for every worker.”

<https://pdfs.semanticscholar.org/6cba/c76c83d526fa9f15c78f270365922b7466c1.pdf>

“If we look at the details of the last few decades of job creation and destruction, we're either going to make enough new low-skill jobs in numbers sufficient to keep unemployment numbers low enough to actually run a society... or we're not. Either way, consumer buying power is likely to steeply erode, even after we account for the effects technology has on lowering prices because the costs of basic needs like food and housing are the costs technology has had relatively little effect on this century. Meanwhile, if we can eliminate half of our jobs in just 20 years, do we really even want to create that many tens of millions of new ways to work for someone else? Why?”

There appears to be no happy ending to this story that doesn't involve universal basic income. So instead of continuing to ask if jobs are going to be automated in sufficient quantities to need basic income, let's instead start to increasingly ask if there's any job we can't automate so we're all more freed to live by it.”

<https://medium.com/basic-income/everything-you-think-you-know-about-the-history-and-future-of-jobs-is-likely-wrong-4f84e3a8945e>

You've heard of how reluctant businesses are to value human beings for what they're worth and enable a life beyond meagre struggling.

A UBI would

- enable humans to feel financially secure and seek good employment
- This would make the workforce more dynamic as less likely to want to be locked into job
- Employers could feel safer hiring as can make dismissal laws laxer in this environment
- Replace current benefit program with issues by an easily managed broad safety net for everyone unemployed
- Lack of overhead costs can be put directly into programs targeting the poorest
- The anti-emergency fund/pro-credit card debt set up is eliminated as people can have money for rent and work sufficient hours to build up emergency fund as long as below income threshold for negative income tax
- As only income-tested not means it is a system less at odds with the flexi waged work economy where more people are experiencing unemployment more frequently and for longer
- Lower suicide rate as derogative means-based testing eliminated and basic dignity given

A negative income tax/universal basic income shows every sign of being a cost-effective answer to the bloated and culturally ugly current welfare system by starting from unconditional care that gives human lives the basic dignity of being able to determine how to live and work within a society that values them and their wellbeing. We are already paying for a support system that barely functions and has been so twisted by the mistaken government drive to simply 'get people off it' that it's no surprise that our already horrific suicide rates have further increased

(<https://www.stuff.co.nz/national/health/96217175/national-suicide-numbers-rise-three-years-in-a-row>).

That is because "data shows unambiguously that the psychosocial quality of bad jobs is worse than unemployment". Thus while being unemployed has a negative effect it makes more sense long-term to have the worker exposed to opportunities and enabled to self-motivate to find a good job than push them into a psychologically harmful job they will likely shortly quit in worse state than starting.

(<http://oem.bmj.com/content/early/2011/02/26/oem.2010.059030>,
<https://mashable.com/2014/12/17/bad-jobs-mental-health/#gw1IXWvykkqp>)

Similar to drugs there has been much distortion on this matter with terrible moral slandering and condescension to the poor. People do not, on a whole, enjoy being unemployed. Studies, pilot trials and simply logic behind the UBI system shows that people will seek meaning in their lives and if enabled to find a way to contribute, most will actively and passionately do so. For those that don't become productively employed in the workforce they frequently are productively employed in the invisible workforce of at home carers for the young, sick and elderly – exactly those who are most vulnerable in society and needing social support anyway. Those personalities that don't contribute meaningfully to society are about as likely to be encountered in the offices of day-traders as in the homes of 'dole-bludgers'.

This would go a long way to helping with child poverty as simply living in constant financial anxiety contributes to a toxic home environment favouring all types of abuse, crime and escapist behaviours such as alcohol and drug addictions. In one simple policy you could address so many societal ills and prepare NZ for a brighter future. Children first.

Further targeted welfare as packages (such as working for families) for those such as single parents, disabled, etc that need it could then be easily monitored for their effectiveness against the uniform backdrop of UBI.

By the way – good call keeping evidence-based policy going with SIA.

Denmark has a robust work force combining a social security net supporting those between jobs with easy dismissal and programs for workforce upskilling. This means that employers can hire more assuredly and fire rapidly. Employees can quit dissatisfying work and find productive employment. By enabling workers to feel financially secure in the face of unemployment they will work passionately instead of passively. The best fit for the best job from a dynamic workforce that will also be better suited to entrepreneurship and start-ups.

<http://valeryvalou.blogspot.co.nz/2011/11/denmark-globalization-and-welfare-state.html>

<https://www.bartleby.com/essay/Denmark-Globalization-and-the-Welfare-State-PKHMV4KTC>

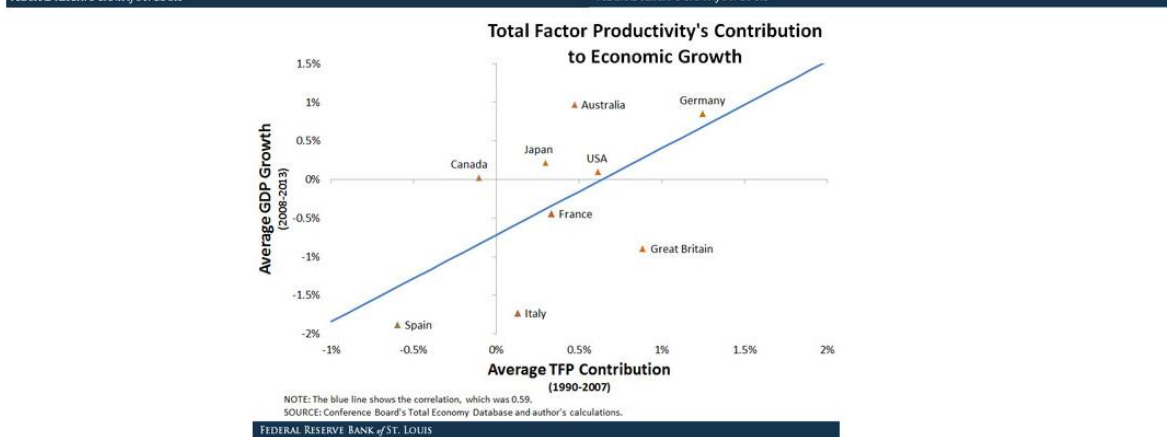
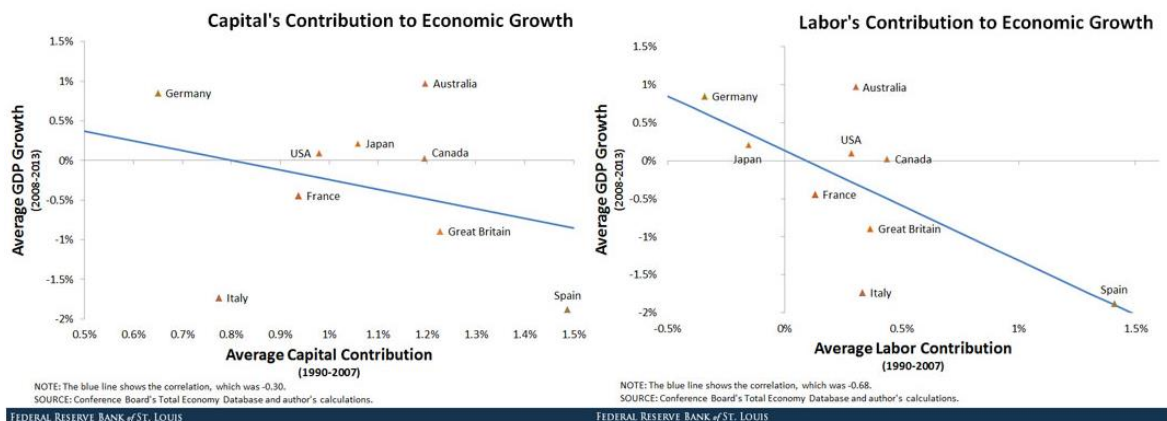
<http://www.netpublikationer.dk/um/6648/html/chapter01.htm>

By favouring not capital nor labour in where we invest but in tech we are more likely to have long-run economic growth and be bolstered against global recession.

“For each country, per capita output growth is first broken down into the respective contributions from capital stock, labor inputs and technological advancements (represented by total factor productivity, or TFP)...

The negative correlations suggest that countries with growth driven by capital or labor accumulation are less likely to do well in the future, especially during economic downturns. Our simple exercise also implies that the health of an economy depends on the source of growth instead of the growth itself.

In addition to the role TFP plays in driving long-run growth, this simple exercise shows that a country with robust TFP-driven growth prior to the Great Recession tended to do well relative to other countries following the recession.”



<https://www.stlouisfed.org/on-the-economy/2015/june/what-drives-long-run-economic-growth>

“Do We Really Need Economic Growth?”

From one perspective, we don't need economic growth. Economic growth will not solve the fundamental problems of human psychology/behaviour.

- Growth will not alter the fact some will always feel much poorer than others. Many people base their well-being on the basis of comparing how they are doing to others. Economic growth can just increase this sense of inequality.
- Growth will not reduce the incentives to cheat and steal.
- Growth does not make people more charitable and good-natured.

Furthermore, with environmental problems facing humanity, economic growth could exacerbate these issues and reduce living standards.”

<https://www.economicshelp.org/blog/6213/economics/do-we-need-economic-growth-in-a-modern-economy/>

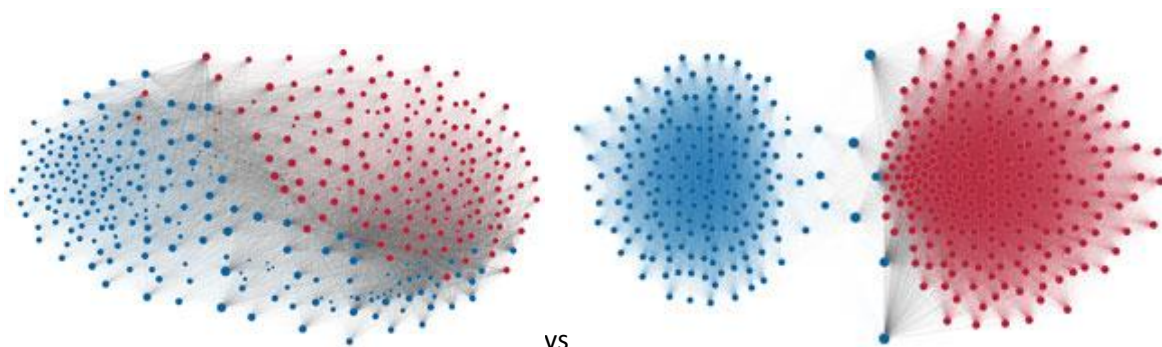
“None of the stuff we're doing that's destroying the biosphere is making us happy. By contrast, changing to a more sustainable way of living will also bring us greater happiness and general wellbeing. Seem too good to be true? That's because we've all been so effectively sold the line that endless growth is essential to maintain and improve our quality of life. This couldn't be further from the truth. Material prosperity has diminishing returns when it comes to happiness and wellbeing. Once we have good access to food, shelter, healthcare and other basic material things, the nature of the community in which you live and the quality of your relationships is the best predictor of wellbeing. More stuff only makes a very marginal difference.”

<https://www.theguardian.com/commentisfree/2014/oct/13/do-we-dare-to-question-economic-growth>

Maybe it's time for a rethink of how/why we currently run our society and the world as a business instead of a community.

<https://news.harvard.edu/gazette/story/2017/04/over-nearly-80-years-harvard-study-has-been-showing-how-to-live-a-healthy-and-happy-life/>

Inequality is a driver for extremism and political polarisation. NZ needs to stop this now.



http://www.mamartino.com/projects/rise_of_partisanship/

APPENDIX:

"Why do you think people see your working towards basic fairness as an attack on them?"

I think there's a lot of fear in change. For some people, it is: "The system has worked for me, so what's wrong with it? There can't be anything wrong with it." There's an aspiration that people have that they are fair and unbiased and meritocratic, and when you start pointing out these differences, there's this huge gap between who they aspire to be and who they really are and what they're doing. It's extremely uncomfortable, fear-inducing and disappointing to them. So I think they can't acknowledge that gap. They have to push to make sure that the people criticising it are the problem."

[1]

Below is the tax payers union submission with my comments in italics.

A rebuttal to the Tax Payers Union:

This is a submission on the future of tax in New Zealand, with particular reference to the proposals and questions set out in the Working Group's Background Paper.

Sir Michael has said that the Tax Working Group is not about how to raise more revenue for the Government. I submit that this promise should be upheld.

This ignores the method of wealth distribution within a society and gives greater priority to private wealth distribution means than is justified. Studies have shown that the wealthy are less, not more, generous. And that this is only exacerbated in the presence of social inequality (https://greatergood.berkeley.edu/article/item/are_the_rich_really_less_generous) Trickle-down economics has been shown empirically to be a lie and part of a Government's goals with taxation therefore should be wealth redistribution to mitigate generational wealth accumulation among a minority of the population.

Revenue neutrality

Where new taxes and tax hikes are recommended by the Working Group, I submit that the Working Group should identify other areas where the burden can be reduced to compensate taxpayers.

This treats tax as purely a chore/burden instead of the social investment required for the proper and stable continued functioning of business, government and all parts of civilisation. Some of the happiest countries of the world have exceedingly high taxes (<https://www.usnews.com/news/best-countries/articles/2016-01-20/why-danes-happily-pay-high-rates-of-taxes>) This is in part because of the understanding of tax not as a burden but as a reinvestment into the society into which one is raised and a safeguarding of a stable social future for one's children.

Also the concept of revenue neutrality is a total joke when the wealth available to the rich in the form of inheritance, land, property and all (not just some) shares is not even taxed in NZ. A laughable, sad, and cold hypocrisy their revenue neutrality to any child born into poverty.

Bracket creep / fiscal drag

The effect of inflation pushing taxpayers into higher income tax brackets is a dishonest policy that allows politicians to tax New Zealanders harder, without ever having campaigned on it.

I submit that the Working Group recommend legislating annual income tax threshold adjustments indexed to changes in average earnings, or, at minimum, inflation. I note that many government benefits and entitlements are indexed — income tax thresholds should be no different.

This is a valid point placed alongside the global stagnation of wages. In many jobs people are earning less than they did a few years ago due to not just a lack of inflation adjustment but also a concurrent hike in the basic cost of living due to housing prices and GST increase.

Company taxation

New Zealand has one of the highest company tax rates in the OECD. The result is a low-investment, low-productivity economy.

I submit that if the Government is interested in encouraging greater investment and growth in our productive sector, it should cut the headline business rate. This is preferable to the Background Paper's proposal of just cutting rates just for smaller businesses, creating a two-tier business tax regime with the associated complexities and incentives for business to stay small.

Progressive business tax may be an acceptable solution but should it be on profit of the business instead of the size? Also noting to close tax evasion loopholes that enable removal of profit overseas or sinking into non-taxed assets.

I would also submit that any company not paying a livable wage is in fact not running a socially appropriate/sustainable business model that values workers and therefore should be taxed more heavily than socially minded businesses supportive of the average New Zealanders right to the bare minimum wage to live on. This could be substituted alternately as a tax break for businesses that incorporate an appropriate baseline wage in their company model. Low wages paid by businesses rely on social supplementation by taxpayers through government to puff profit margins. There is a big difference between a job and a good job.

NZ should not be competing with the low-wage labour market available internationally. Due to the global economy this would put workers at constant risk of loss of job. Due to the growing implementation of technology this would certainly set NZ at odds with the changing make-up of modern business – those self-check-out counters are a forerunner of broader automation. On top of all this a globally competitive low wage workforce is simply inconsistent with our ethical stance on safe working environments and hours – although one wonders when conditions such as in foreign-owned bottling companies contravene laws on kiwi soil. (<https://www.stuff.co.nz/business/99726885/Its-just-so-dangerous-Squalid-conditions-reported-at-water-bottling-plant>) Therefore, NZ should be aiming to create a flexible, adaptively skilled workforce. This is a high value commodity on the international stage and more likely to stimulate entrepreneurship and small business creation and growth.

Expensing of capital

The Government must be committed to increasing New Zealand's productivity and allowing for greater growth in incomes.

I submit that the Working Group recommend allowing businesses full capital expensing within the first year of capital purchase. This would increase incentives for business to invest in capital (accelerating productivity growth) and increase wages (productivity growth is the most relevant factor in determining income growth).

I question how fair this is to the average wage earner who never gets a similar dispense with tax for a year. Interesting hypocrisy on when they think taxpayers should be burdened or not. The danger with the correlation of productivity with income growth is that I'm not sure this accounts for the rise of technology in replacing jobs. Therefore, if there are now 10 high wage jobs aided by technology to increase productivity vs the 30 medium wage jobs that achieved lower productivity then yes, average productivity is higher and the average income increased but the government now shoulders the resulting rise in unemployment and the associated social burdens.

It has been noted that expensing increasingly involves investing in tech gear in start-ups (<https://www.investopedia.com/news/immediate-capital-expensing-increase-consumer-spending-real-corporate-tax-cut-benefit-charles-schwab/>)

Therefore, if taxpayers are to subsidise business expenses, a tax on technology that replaces jobs should be introduced as early as possible as already the more expensive mid-tier jobs have been targeted (<https://oilprice.com/Energy/Energy-General/Robots-Over-Roughnecks-Next-Drilling-Boom-Might-Not-Add-Many-Jobs.html>, <https://economics.mit.edu/files/12763>,) and implementation of check-out machines, fruit picking/packing technology is set to phase out low-wage jobs. This would otherwise burden the rest of society for the profit of the business. A robot tax would enable a universal basic income scheme and upskilling programs required for a mobile, skilled and secure workforce.

Maori Authorities and charities

New Zealand's company tax system should not include loopholes that give certain groups competitive advantages.

Excepting those that are already advantaged? There is still much to do in wiping clean the shameful image of NZ as a Tax Haven. Foreign land buying at taxpayer expense is scary.

NZ will cease to be racist when they no longer protest the language of this country spoken on its home soil. NZ will be a far better place when instead of being hurt by criticism and infant-like deny it we rise above our cognitive dissonance and ask to understand.

I submit that the 17.5% income tax rate for Maori Authorities should be abolished – so that Maori Authorities are not provided with a cash flow advantage over non-Maori competitors.

The Tax could be monitored in a brief investigation to assess whether the policy is having the desired effect but by and large it is understood that people do spend money responsibly if they feel a social obligation. As Maori minority are still heavily represented in poverty statistics I would argue that the Maori companies will have a strong social compulsion to

reinvest in their disadvantaged brethren, this is less money the government would otherwise have to spend in social aid in mitigating this generational poverty problem.

I submit that companies owned by charities should only be allowed to have the charitable tax deduction for profits actually distributed back to the parent charity, or specifically applied to the charitable purpose of the parent.

Charities fulfil an important role in society, covering gaps in social welfare. While some are harmful scams/cults that should be examined there are far more productive areas to target in removing tax exemptions from. For example Irrigation NZ in its contrary purpose of promoting agricultural intensification/inappropriate crop to land use at cost to the growing tourism industry, DOC, and the rising spectre of water scarcity in the face of climate change and pollution.

Capital gains tax

A tax on capital gains would discourage investment, stifling wage growth and distorting the economy. It would also cause a 'lock-in' effect, meaning investors would be discouraged from shifting capital out of unproductive investments.

I submit that the Government should not implement such a tax.

Economic growth and investment have done little to grow wages. It is inherently a distortion of the economy that assets that save money, such as not paying rent to have a roof over your head, are not taxed as all sources of income are. Lower wage earners are paying a significant portion of their income on simply the basics and this is stifling the economy more than a capital gains tax which is widely present internationally. The lack of taxation on assets has encouraged tax evasion and foreign investment at the cost of NZ taxpayer, locking us in to a path of rising inequality and instability as health services are now at breaking point. The rich have no problem paying their medical bills but complain mightily when they feel unsafe due to the presence of mentally ill poor in the streets.

Capital gains tax/tax of all assets, on an annual basis should be instated. Along with a negative income tax that provides a safety net for all. I have known house owners who suffered sudden job loss, asset rich but cash poor they were denied welfare such as an unemployment benefit to avoid defaulting on their mortgage. I would argue it costs society less to have a safety net for all unemployed as they search for work. In Denmark it is well recognised that the security given to citizens through largely unconditional support during unemployment complements a relationship between employers and unions where dismissal is easy but financial security means both businesses and workers can be dynamic in employment, finding a good fit for both for optimal productivity.

Instatement of a tax on all assets would enable services to be extended further. There are high achievers who have come far but not quite far enough to pay for expensive counselling. This fosters resentment and denies mental health services to a sector under significant stress.

Taxes on savings

We should not allow the tax system to discourage saving. Savers (namely those with retirement funds and investment schemes) currently pay tax on ‘interest’ that, in practice, partially just reflects the effects of inflation.

I submit that we should allow taxpayers to deduct inflation from taxable income earned via long term saving.

Retirement funds and investment schemes are assets that yield a return and so should be taxed annually.

Environmental taxes

I submit that any proposed environmental taxes should come with recommendations which make them revenue neutral.

I submit that any taxes on water should operate in a similar way to water rights pricing and be sector neutral – politicians should avoid targeting specific industries or uses of water.

As an alternative to recommending specific environmental taxes, I submit that the Working Group develop an objective framework for future proposed environmental taxes to be measured against.

Polluter pays but no targeting specific industries is a fallacy. There are objectively more polluting industries from a solid, scientific and entirely non-political standpoint. Their impact on the environment, and so the shuffling of the real price tag of their profit onto the wider public and future society should be taxed accordingly and even, dare I say, retroactively for the duration of spin and deliberate obfuscation carried out by polluters. Imagine how the health system would have benefited from implementing an anti-tobacco stance when the very first results came in linking smoking to lung cancer. This is not dissimilar to the case of dairy pollution to rivers. Which even now faces reluctance to take on metrics that genuinely measure the impact. As if by not looking the problem doesn't exist.

We should be adopting agricultural practices that make the most of the land sustainably, not selfishly the most profit short-term with the future generation footing the environmental bill.

Lifestyle taxes

I submit that the Working Group recommend against the expansion of behavioural taxes, and instead outline the regressive financial damage they inflict on our most vulnerable communities.

Specifically: I oppose the introduction of a sugar tax, a fat tax, or any other form of additional tax on food products. I oppose varying GST for different products. I oppose increases to tobacco excise.

Behavioural taxes will hit the poor but then so will the absence of them. At least by taxing highly processed foods the implementation of healthy eating programmes and subsidisation of the health system to deal with the rising obesity and diabetes epidemic will be achieved.

However, as a savings on the tax complication side, it would be far easier and immediate to subsidise fresh fruit and veges as a tax break for the poor.

Beyond the points made above, I endorse the [broader submission](#) made by the *New Zealand Taxpayers' Union*.

Yours sincerely,

(An outdated fiscal dinosaur desiring to share a similar extinction from an asteroid of their own making)

A comment on the submission to government by the Income Equality Aotearoa New Zealand Inc - Closing the Gap:

I fully support their submission. I think unless NZ wants the problems of Trump and Brexit on home soil we should carefully consider our way forward, together, as a society that prioritises inequality reduction on the understanding that humans are born with less but never lesser. And that a world filled with people that seek only to protect 'their own' is bound to end in fire.