



LONE FATHERS ASSOCIATION (AUSTRALIA) INCORPORATED

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Australian Senate Economics Committee Inquiry

Structure and Distributive effects of the Australian Taxation System

Submission by the Lone Fathers Association Australia, National Peak Body

Lone Fathers Association Australia congratulates the Senate Economics Committee for its initiative in holding an inquiry into the structure and distributive effects of the Australian Taxation System Reform to achieve fairness in the tax burden spread and tax distribution is long overdue.

Our National body and State branches have been seeking taxation justice for many years being at the interface of disrupted families. Such disruption is often caused by financial hardship and that hardship usually worsens when families are split up. A fairer taxation system would ameliorate problems we find in this area.

The taxation system needs to be brought into a fair balance to redress the unconscionable poverty and excessive financial stress found in our rich and prosperous Australia. In this regard, special measures need to be taken to alleviate the effects of these matters in relation to separated and single parents, and, in particular lone fathers, who are generally and unfairly the most disadvantaged and discriminated against.

The income tax base basis should be redefined to promote families and to achieve fairness. Serious consideration should be given to defining the "household" as the unit of taxation. Where family breakdown occurs, the splitting of the household into two, should be recognised for the purposes of taxation. Taxation rates could be devised to reflect essential social priorities. Such redefinition of the unit of taxation, with recognition of each household after family breakdown, would yield a more limited form of income splitting; it would relieve some of the unfairness that is borne by many single parents

LFAA aims to assist and encourage parents who have, or desire to have, resident status or care of their children to support and sustain their children as a happy and viable family unit, and to help parents without residency status to maintain adequate, positive contact with their children.

Alternatively, subject to consistency with desirable social outcomes, income should be recognised as accruing to dependants, thereby facilitating income splitting. For example, income splitting for all families, where at least one parent is a full-time carer, would assist in redressing the inequity inherent in Child Support arrangements, which redistribute income away from the earner to a spouse or partner. As you are aware, child support payments are assessed on gross income, which, when added to usual taxation levels, can yield very high effective taxation rates. While income splitting would reduce the negative impacts of existing arrangements on many lone fathers, it would also reward families, which are assisting in the maintenance of population levels and correct the discrimination against families that is inherent in the Australian Taxation System..

In addition, the Australian taxation system needs to have a human face, both in its provisions and implementation. Such requires flexibility to meet individual circumstances and conduct codes based on sexual equality, and requiring fairness, efficiency, courtesy and respect for the individual.

We note that you will be inquiring into the impact of the taxation structure and distributive effects on families, which we regard to be extremely important.

To improve the living conditions for families generally, it is suggested that the Taxation Office and Centrelink collaborate in uncovering inconsistencies in policies and practices that prevent full social participation of certain social groups. For example, lone fathers experience powerful financial disincentives to participate in the workforce or to establish second families. These disincentives are socially undesirable and contrary to the broad thrust of Government policy.

Attached for your information is a letter to the Treasurer dealing with matters also for your consideration.

Yours faithfully,

BC Williams

Barry Williams B.E.M
President
Lone Fathers Association Australia.

30/4/2003



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The Hon Peter Costello MP.
Treasurer.
Parliament house
Canberra ACT.

18th March 2002.
Barry Williams
19 Kinkead Street
ACT 2617.

Dear Treasurer.

Many members of the organisations I represent, including Parents Without Partners Australia, Lone Fathers Association Australia Peak Body, (Office of the status of the Family) and closely affiliated other organisations, have requested I write to you to bring to your attention the effect and hardship the GST is having on their lives.

Many members of these groups are very low income earners, and many try to survive on a bare pension, which is impossible. The indexation of pensions has in no way been increased to keep up with the rises in the cost of living in Australia, and the GST has made it twice as hard for these people to survive.

For instance many of the pensioners, and low income earners have nothing left after they purchase food, and try to pay their rent, or mortgages, they have items such as washing machines, fridges, hot water systems, etc that are old and need repair, but are unable to have these repairs carried out, simply because one they do not have enough money.

If the washing machine, or fridge needs \$ 400 worth of repairs, it costs them \$440 with GST. These are not isolated cases we hear about, its a every day occurrence, these people simply do not have enough income to survive on, and many even don't have enough to be able to have three meals a day.

Mr Costello I assure you I have not exaggerated one bit in this letter, I have been involved at a executive level over the last thirty years with the two largest lone parent groups in Australia, Parents Without Partners Australia, and lone Fatherrs Association Australia (peak body), attending all their National and somtimes State conferences.

As your government is aware we receive approxemly thirty thousand calls per annum through our wide net work of the Lone Fathers Association Australia , I dont have the figures at hand that would come through Parents Without Partners Australia, as these figures are kept by each State, but they would also be very high. Admittedly all calls are not related to povety and the effect of the GST but quite a percentage of them do. I live in Canberra, I am a federal lobbyist and I request to meet with you to discuss these issues further, all our associated groups believe this is a very serious matter and the Federal Government must take some action .

Yours Sincerely

B Williams

Barry Williams. BEM JP CMC.

National Family Resource Co Ordinator (PWP) Australia.

National President, Chairperson (LFAA) Peak Body, Australia.