

National Issues

Taxation Reform

There is no doubt that Australia's system of taxation is in desperate need of reform. However, it is critical that any reforms implemented be equitable and effective. Reform must provide a secure public revenue base to meet present and future social needs, sustain economic development and restore integrity and public faith in the system itself.

Our present system fails when it comes to both equity and effect. Equity for low to middle income earners is compromised at some other point on the tax merry-go-round and loopholes for the wealthy dilute the effect of our potentially progressive system. For example, a low income family with children has their family payment reduced by 50 cents for each additional dollar earned above \$23,000. For many of these families, earning an additional \$10,000 a year would leave them little better off. The combined impact of a 34% tax rate, a 50% withdrawal of family payment and a 1.4% medicare levy is equivalent to an effective marginal tax rate in excess of 80% (ACOSS, Tax Reform Pack, Sept 1997 p3). On the other hand, people on high incomes can minimise their tax through the use of salary packaging. By including things like superannuation, vehicles and club memberships and taking advantage of options to negative gear and incorporate, they can reduce their effective marginal tax rate to 30% or less.

UCSA considers the current debate on tax reform to be of great significance. It is an opportunity for UCSA and all concerned Australians to challenge the inadequacies of the status quo. Rigorous, rational debate, concerned with improving the living standards of low to

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Job Network

On 1 May the Federal Government introduced a new and radical approach to the provision of employment services in Australia. As a result, after 52 years of operation, the Commonwealth Employment Service (CES) closed its doors for the last time. The Department of Employment, Education, Training and Youth Affairs (DEETYA) has replaced the CES with *Job Network* comprising more than 3000 private, community and government organisations.

The CES assisted job seekers to find work, and employers to fill vacancies. It provided assistance to all unemployed people including job search training, and traineeship and apprenticeship support. Under the new arrangements, the emphasis has shifted to assisting only those jobseekers in receipt of social security benefits. The focus of the new agencies is to service employer needs, rather than those of the unemployed. Helping the unemployed seems to be taking second place, rather than paralleling, competition and commercial viability.

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middle income earners is required. Through our Paper on Taxation Reform, the Uniting Church in Australia joins the call on Government to ensure that reform is not undertaken at the expense of the 'battlers'.

The Paper finds its basis in the following principles:

- to accept responsibility to contribute to the common good;
- to hold before government, community and church alike a vision of a united Australia, in a confederacy of nations and to call all Australians to the personal and social costs such unity requires;
- to create an equitable society of justice and peace;
- to build a socially just and ecologically sustainable economy; and
- to ensure human rights are fundamental in defining social and economic justice.

While we do not advocate a partisan position on tax reform, any reforms will be assessed on the basis of these principles and the following criteria:

- adequate revenue is raised to properly address concerns of social and economic development;
- the system is progressive and does not increase social disadvantage;
- unnecessary barriers to employment in the community and business sectors are reduced; and
- the methods of collection are transparent and easily understood.

An essential element of any debate on tax reform is the type of community we want to be part of. Is it to be driven purely by economic interests, one in which market forces decide outcomes? In practice the market solution leaves some people out. The rewards of a market system are linked to productivity, and some people in every society are not capable of being very productive. Should innocent children, the elderly, the sick, or those trapped in the poverty cycle be left to suffer? Or, do we seek the stability and security of a just and equitable society? We must seek a society in which the dignity of all individuals is honoured and our moral obligation to provide all members of the community with the basic necessities of life is fulfilled.

Assuming the latter is the preferred option, the government is then morally bound to implement tax reforms for more equitable distribution of income and resources. When the taxation system is seen as fair by the majority, and they are committed to the purposes for which the money is raised, most Australians would willingly contribute their proportionate share of taxation revenue.

Despite the myths that try to indicate Australians are highly taxed, overall tax rates in Australia are not seriously out of line with other developed countries. However, some changes are necessary. Marginal tax rates need to be adjusted from time to time as well as the thresholds at which marginal rates apply. There also needs to be serious commitment given to closing the loopholes of the wealthy which allow tax avoidance. Incorporation, artificial income splitting, and the use of trusts permit high income earners to falsify their total income and subsequently pay less than their fair share of tax.

In the interest of fairness, with regard to the possible introduction of a GST, we would strenuously oppose any suggestion that increased revenue from broader consumption taxes (regressive) be used to subsidise a decrease in income taxes (progressive) for high income earners. Whilst our paper does not oppose in principle the introduction of a GST, we must be convinced that it will not impact negatively on low income and disadvantaged people. It is this sector of the community that spends a greater proportion of their income on basic necessities such as food and housing. Any gains made in the total tax revenue collected need to be concentrated on alleviating the financial burden presently being felt by low to middle income earners. A simple and cost effective way of doing this is to make adjustments to the marginal rates and increase the respective tax thresholds. This would also help solve the problem of bracket creep.

In conclusion, some of Australia's social and economic problems could be addressed by equitable and effective tax reform. A priority social issue to be addressed is unemployment. More than 8% of Australians are unemployed and more than 1.8 million are struggling below the poverty line, including 630,000 children. It is crucial that tax reform be able to alleviate some of the disadvantages these members of our community are suffering. A responsible reform package characterised by revenue adequacy, fairness, economic efficiency and simplicity will prove a positive mechanism for addressing Australia's problems of unemployment and social disadvantage.

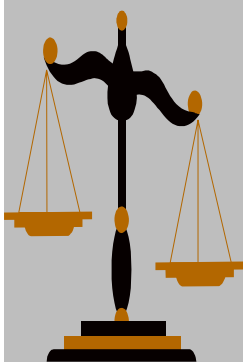
*On 23 June 1998 the National Assembly of the Uniting Church is launching its position on Taxation Reform in the document: **Taxation Reform: For a Fair and Equitable Society**. Copies of the paper will be available from the UCSA Secretariat office.*

Some terminology of the tax debate...

Progressive taxes exact a higher proportion of income from high income earners than low income earners.

Regressive taxes exact a higher proportion of income from low income earners than high income earners.

Marginal tax is tax on any additional income earned above the tax free threshold.



The Federal Budget 1998

Implications for the Community Services Sector

No one would deny the fact that a \$2.7b budget surplus after 8 consecutive years of deficit is a good thing. But at what cost? There is a school of thought that advocates 'pain for gain', but the people who have felt the most pain over the last few years have not reaped the requisite gains from this budget. Low to middle income earners will continue to struggle to make ends meet and some will not succeed. The outlook for community service providers is much the same. Many organisations already stretched beyond capacity will find it increasingly difficult to meet the needs of those in our community economically and/or socially marginalised.

Many older Australians will not find themselves any better off as a result of this budget. The Home and Community Care Program (HACC) has suffered again. Inadequate budget allocations over the last few years have placed severe restrictions on the preventive aspect of the program. Post acute care has risen sharply as a result of the increasing tendency for earlier discharge from hospital. Budget '98 records a 5.5% increase in HACC funding for the year, but after indexation, the real increase is more like 3.5%. As it stands, the old benchmark of 6% which successive governments have been content to apply has never been enough.

The budget contains funding for aged care to give effect to a range of announcements (including the *Staying at Home* package) made over the last 12 months. However, the allocation of \$233m (across Social Security, Veterans' Affairs and Health and Family Services), represents only a partial return of the \$500m cut from aged care programs two years ago.

The 'good news' includes the *Staying at Home* package of community care and support for older Australians and their carers (announced prior to the Budget), and the new Gold Card for Health Care to all World War II veterans, which includes receipt of the pensioner benefit on Pharmaceuticals. The income test threshold for the Commonwealth Seniors Health Card has also been raised - 220,000 more self-funded retirees will now be eligible.

Another initiative for our older citizens is a \$5.9m allocation over the next 2 years for the International Year of Older Persons (1999). This money will be used to "build partnerships between government, business and the community to generate practical initiatives to address older people's needs...". Many of these needs are already identified and in desperate need of scarce funds.

The news for families is mixed. A

positive initiative is the government's commitment to increase the number of health and community services in rural and remote Australia. \$24.3m over four years has been allocated to expand the existing network of Rural Multipurpose Services.

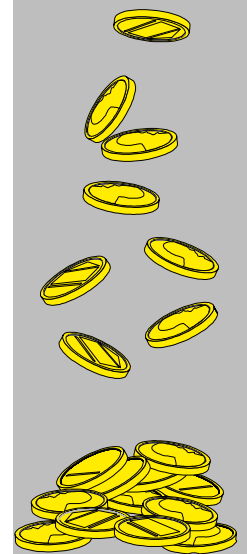
For families using child care, the news is not so good. The freeze on fee ceilings for Child Care Assistance and Child Care Cash Rebate has been extended for another twelve months. Pressure is mounting on many families, already struggling to meet fee increases. As more families opt out of child care, the Government will claim a 'justifiable' decrease in allocations.

The budget's only provision for child care is \$600,000 in 1998-99 for the extension of the Child Care Hotline, an information line about services and government assistance.

Services for people with disabilities have received very little new funding. \$1.46b has been allocated over 4 years for accommodation and support services under the Commonwealth State Disability Agreement (CSDA).

However, much of the 'additional' funds for the CSDA have been taken from other disability programs. The claim that new CSDA money totals \$159m is a misrepresentation. Only \$80m is actual budget allocation. \$15.4m for accommodation support for people with disabilities with ageing parents is part of the *Staying at Home* package and \$63.6m is a reallocation of funds from specialist employment services. There is no new money for employment support and demand for accommodation support still outweighs existing funds. Budget '98 holds little for Australia's 750,000 or so unemployed, and minimal improvement is expected in the jobs outlook over the next twelve months. Over the next four years, 100,000 unemployed will be placed in work for the dole projects and benefits may be cut for those who do not participate. Eligibility criteria for the Newstart allowance will be tightened from March 1999, and Newstart recipients will no longer be able to refuse a job on distance grounds (more than 90 minutes travelling time).

For the unemployed, for older people, for those with disabilities and special care needs and for low and middle income families, the budget has reinforced hardship. These sectors and the community service organisations which help alleviate some of the burden, cannot withstand much more neglect by government. While the government continues to practise budgetary restraint at their expense, the social fabric of our community continues to fray.



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More than 400,000 unemployed Australians (who are not in receipt of benefits) will miss out on assistance previously available throughout the CES including married women with working husbands, and women seeking to return to the workforce after rearing children. Many unemployed people will have to pay for services previously available free of charge.

Despite the focus on employer needs, Employment National, the corporatised CES, has advised that they will now charge employer fees (of between \$300 and \$2,000) for the services which they once provided free of charge. The CES was able to place disadvantaged jobseekers, and employers were prepared to make opportunities available for them. Under the new arrangements these opportunities for the most disadvantaged jobseekers are likely to disappear.

Of general concern is the selection process for the new providers. It is now clear that the process did not take appropriate account of the quality of service offered, nor of the track record of some organisations in assisting disadvantaged job seekers, but primarily focused on tender price. On 1 May, many organisations were not in a position to deliver the services for which they were contracted. For those that were, federal government agencies were slow to refer job seekers to them for assistance.

Not surprisingly, the transition to the new jobs network has been difficult. It has left many jobseekers in limbo - and many employers and service providers in confusion. It's too soon to judge the new arrangements, but the portents are not particularly favourable.

Marg Carew-Reid, NSW State Manager, Careskills - C.S. and Health Industry Training Company.



Job Network - An Agency Perspective

Rev Noel Park, Director of Lifeline, Darling Downs and Southwestern Queensland, raises issues of concern associated with the new Job Network Scheme.

We are already seeing clients whose anxiety levels have risen because they are not able to identify which agency is likely to offer them any assistance. In the case of one provider, (previously unknown in this region), advertisements for staff for their new service in our area have only just appeared.

Our well publicised expressions of concern for the long-term unemployed, youth without an employment history, people over 40 years of age and some people with disabilities have drawn

expressions of support from the community and calls of thanks from unemployed people, but no indication from any service provider that our fears are ill-founded.

It could be argued that our area has a lower percentage of unemployed than the Queensland average. However, such an argument uses across the board figures for all age groupings and ignores some basic facts. Even if the total figures appear to have improved, the percentage of unemployed who have been unemployed for over one year has increased and the age specific figures for young adults are far too high. This data does not provide a positive indicator for the success of Job Network.

Rev Noel Park, Director, Lifeline Darling Downs and Southwest Queensland.

Staying At Home Package

In April 1998, Prime Minister Howard announced the \$270 million Staying at Home - Care and Support for Older Australians Package. The Government's aim with the initiative is to 'ensure that older Australians have a real choice in determining whether they stay at home or choose to enter residential care'.

In summary, the package includes:

- Community Aged Care Package (CACP) program will be expanded at a cost of \$92 million over four years;
- \$131 million to secure increased eligibility for a Carers' Allowance, expansion of the Carer Respite Centres, and additional respite places for people with dementia;
- \$14 million for aged care assessment;
- \$15 million for development of alternative accommodation options for ageing carers of an adult with a disability; and
- \$15 million to improve information and training about continence management.

Population forecasts show that sixteen percent of Australia's population will be aged over 65 by the Year 2016. This brings with it a range of challenges for government and the community - especially in the areas of health, retirement incomes, housing, employment, social security and aged care. The *Staying at Home Package* is the first initiative announced as part of the Government's *National Strategy on an Ageing Australia*, to address the issue of Australia's rapidly ageing population.

UCSA is currently developing a detailed position paper on a *National Strategy for an Ageing Australia*. It will provide an holistic platform for our ongoing input into the development of social policy associated with ageing in Australia.

For further information on the Staying at Home Package phone the Aged Care Hotline 1800 500 853.

Surfing for Health

The Commonwealth Mental Health Branch now has a comprehensive Internet Site. The site details information on such matters as the National Mental Health Strategy and the National Youth Suicide Prevention Strategy. Browsers can access consumer and carer information as well as read the national publication of the Mental Health Strategy, *Perceptions*, on line. Healthy surfing!

<http://www.health.gov.au/hsdd/mentalhe>

National Sorry Day - 26 May 1998

There has been an overwhelming response to Sorry Day across the nation. People from every part of the Australian community came together to plan and take part in Sorry Day events.

Sorry Day acknowledged the part of our history involving the forcible removal of children from their families, and shared the sorrow of indigenous people over what has been taken from them over the last two hundred years.

Sorry Day acknowledged the dispossession that Aboriginal people have experienced. Lands, culture, ceremonial life, liberty, means of life,

family, parents and children have been taken away. There is deep grief, pain and anger.

Sorry Day recognised, honoured and shared the grief. It was about taking action to give people the heart to fight the despair, and continue to hope in the possibility of reconciliation and co-existence. It was a forward step in healing - of individuals; of indigenous and

Australian Coalition '99

Australian Coalition '99 is a non-government coalition planning towards the International Year of Older Persons in 1999. The Coalition is asking for input from the sector on the following:

- ◆ ideas on how we might engage older people;
- ◆ database and communications details from interested organisations;
- ◆ diary dates for the 'Calander of Events' being organised; and
- ◆ contributions for the next edition of the newsletter.

A number of national organisations are busy planning interesting and informative events, including Seniors Week 1998 and the launch of the International Year of Older Persons on 1 October 1998.

Coalition '99 produces a monthly newsletter and has a website, which provides information to interested browsers.

For further contact with Coalition '99, please call the Coalition Secretariat on (03) 9510 7166 or find them at <http://avoca.vicnet.net.au/-ac99>.

Snippets

Population Ageing

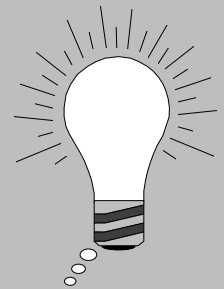
- two new papers released by NATSEM

The National Centre for Social and Economic Modelling (NATSEM), at the University of Canberra, has recently released two papers which discuss the issue of Australia's ageing population. They are: *Australia's Ageing Population: What are the key issues and the available methods of analysis?* and *Ageing Populations and Income Support - What can Australia learn from other countries?*

The research based papers conclude that, while internationally Australia is seen as having made a good start in preparing for the inevitable ageing of its population, there is still much more that needs to be done and Australia can learn from adapting successful models from other countries.

Copies of both papers are available on their website:

<http://www.natsem.canberra.edu.au/publications/>



Assistance Sought - Alcohol Related Violence and Young People in Rural Areas

The Victoria Community Council Against Violence (VCCA) is conducting a project examining issues surrounding young people living in rural Victoria and alcohol related violence. The working group is interested in pursuing a transition project with an action research focus, examining issues which arise for young people who may be commencing post-secondary studies and/or seeking employment. VCCA would be grateful of any suggestions of possible materials for consideration by the VCCA, contacts, and/or any information which may be of assistance to the project.

Please contact Kirsten Murray (03) 9655 5275

National Survey on 'Stress at Work'

The ACTU has released the report: *1997 ACTU National Survey on Stress at Work*, the major findings of which are:

- 25% of people took stress related time off;
- most stressful conditions at work involve management issues, such as a lack of communication and consultation;
- people suffered from a range of symptoms;
- over 50% of respondents nominated better management to relieve stress at work.

The ACTU is urging government, OHS authorities, employers and other professionals to pay serious attention to the development of strategies to alleviate stress related illness.

Secretariat Update

Community Services



Have you registered yet?

(Early birds before 1 July)

The count-down has begun! With less than three months remaining before the vision of the inaugural Uniting Church National Community Services Conference can be realised, we are urging your support!

The Conference program includes generic sessions on topics such as *The Church Context: Community Service and Social Justice*, and *In Partnership with Government or Sub-Contractors to Government*, as well as offering sector specific workshop sessions such as *Achieving Quality in Aged Care*; *Welcoming People with Disabilities into our Communities*; and *Children's Services - Strengthening Parishes*.

Speakers include Mr Chris Sidoti, Rev Tim Costello, Ms Eva Cox, Hon Warwick Smith MP, Mr Michael Raper, Ms Betty Hounslow, Mr Francis Sullivan, Rev Dorothy McCrae-McMahon, Rev Bonnie Robinson and Major Campbell Roberts.

Copies of the Registration Brochure have now been mailed out to all Synods and Agencies of the Church for distribution. If for some reason, you have not received a copy, or you can distribute further copies through other networks, please contact Ms Mandy Smith, at the Conference Secretariat (02) 6257 3299.

Remember, with your involvement, we will better realise our vision for the future of community services in the Uniting Church.

to the attention of relevant businesses for funding consideration. Unfortunately, the tight deadline set for submissions made it difficult for some organisations to prepare project proposals.

UCSA received confirmation of proposals submitted by: Frontier Services, Preston Creative Living Centre and Wesley Dalmar. Frontier Services provides ministry and community services in remote and outback Australia on behalf of the Uniting Church. Frightening levels of domestic violence within remote communities and a feeling that this is inevitable are the basis for two proposals to conduct a needs analysis for an intervention program for indigenous communities, aimed particularly at men, identified as perpetrators of violent behaviour. A third proposal relates to concerns about the impact of new work practices on social and family life within remote mining communities.

Preston Creative Living Centre is the outreach ministry of the Preston Uniting Church to the northern metropolitan community of Melbourne. Their proposal relates to the establishment of 'Phoenix House for Male Perpetrators'. Phoenix House is proposed as a male residential and supportive behaviour change project to break the cycle of family and domestic violence.

Wesley Dalmar Child and Family Care in Sydney have submitted a proposal on 'giving children a voice - the silent victims', which focuses on developing a best-practice therapeutic group work model for children aged between three and eight years old, who are witnesses to domestic violence.

UCSA commends these agencies on providing such valuable input to this initiative and would welcome feedback from other agencies who have also submitted proposals to BADV. We hope to include progress reports in future editions of *UCSA Circular*.

The Business Against Domestic Violence Initiative - Uniting Church Input

In November 1997, Prime Minister John Howard launched the Business Against Domestic Violence (BADV) Initiative. The aim of the Initiative is for business and the community to work in partnership to prevent domestic violence in Australia.

The Department of Prime Minister and Cabinet recently called for submissions for new innovative projects focused on prevention. Projects that register with BADV will be brought

In memory of Rev Kevin Green (1931-1998)

*In a broken and fearful world,
The Spirit gives us courage,
To pray without ceasing,
To witness among all peoples to Christ
as Lord and Saviour,
To unmask idolatries in Church and culture,
To hear the voices of peoples long silenced, and
To work with others for justice,
freedom and peace.*

Brief statement of Faith
Presbyterian Church USA

Thank you -

UCSA would like to take this opportunity to thank Mr Graeme Bull, Somerville Community Services, NT and Rev Des Cousins, Synod of Tasmania, for providing two generous donations towards the establishment of the UCSA National Child Protection Project. Letters seeking sponsorship were sent in December 1997 to all Synod Secretaries, and the response to date from the Northern and Tasmanian Synods has been most encouraging for the project.

New appointments -

UCSA would like to welcome new members to the National Committee. Ms Elizabeth Hastings joins us from the Victorian Synod where she has recently been appointed Manager - Justice and Social Responsibility. Elizabeth is the former Disability Discrimination Commissioner with the Human Rights and Equal Opportunity Commission. Mr Phil Conrick joins us from Victoria, where he is the

Recent Parliamentary Inquiries

UCSA submitted to the following:

- House of Representatives Inquiry into Aspects of Family Support Services - UCSA submitted to the Inquiry in December 1997. The Report is due by the end of June 1998.
- Senate Inquiry into the Aged Care Amendment Bill 1997 - UCSA appeared before Committee on 27 March 1998. The report was tabled on 6 April.
- House of Representatives Inquiry into Competitive Tendering of Welfare Service Delivery (examined the desirability and feasibility of increased contracting out of welfare services delivery by all service providers). UCSA appeared before Committee on 3 April 1998. The report is due in June. Overwhelming evidence in submissions and public hearings to date is in opposition to wholesale contracting out of health and welfare services.
- Senate Inquiry into Child Care Funding - hearings held during April/May; UCSA appeared before Committee on 26 May.

Other Inquiries of interest:

- Senate Inquiry into Housing Assistance - report tabled 2 March 1998.
- Joint Treaties Committee Inquiry into Multilateral Agreement on Investment - under MAI, foreign investors could provide welfare services, with Australian government subsidy, but be exempt from government jurisdiction in other respects. The report was due on 25 May. UCSA inputted to an ACOSS submission regarding the MAI.
- Senate Inquiry into the Funding and Administration of the Family Court of

Uniting Community Services Australia National Committee Members

Rev Harry Herbert (Chair)

Board for Social Responsibility (NSW)

Mrs Elaine Olley (Executive)

Uniting in Care (WA)

Rev Douglas Jones (Executive)

Dept of Community Services (QLD)

Rev Gregor Henderson

Uniting Church Assembly

Mr John Shipway

Uniting Church Assembly

Rev Brian Smith

Frontier Services

Mr Les MacDonald

Uniting Ministry with the Ageing (NSW)

Ms Claerwen Little

Burnside (NSW)

Mr Newton Daddow

Commission for Mission (VIC)

Rev John Pettman

Synod of Tasmania

Mr Alec Lobban

DACADS (QLD)

Mr Vaughan Harding

Uniting Church Homes (WA)

Rev Geoff Scott

Adelaide Central Mission (SA)

Ms Alison Whish

Port Pirie Central Mission (SA)

Rev Rowena Harris

Synod of Queensland (QLD)

Rev Gale Hall

Northern Synod (NT)

Welcome to new members:

Ms Elizabeth Hastings

Synod of Victoria

Mr Phil Conrick

Care - Broadmeadows (VIC)

The UCSA Circular is published three times annually, as part of the ongoing communication objective of the Uniting Community Services Australia Secretariat. The Secretariat Staff are:

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Leunig/The Age

Communications Footnote:

Media:

•3 February 1998 - Telephone interview with Sue Dunlevy of the *Daily Telegraph*, for article 'High Costs - Empty Nursing Home Beds' pub. 4 February.

•17 February 1998 - Input into Tom Allard's coverage of Aged Care Reform for the Sydney Morning Herald.

•24 February 1998 - Interview with Channel Seven News producer regarding possible consumer perspective story on the affects of the Aged Care Reform.

•27 February 1998 - Joint press release with ACHCA, Anglicare, Baptist Community

Services and UCSA on *Call for Urgent Aged Care Changes*.

•22-27 March 1998 - Second joint Churches' press release regarding Aged Care reform. Extensive coverage on ABC National and Regional radio and television networks; Prime State Network and Regional and State newspapers.

•12-14 May 1998 - UCSA Press release on the Federal Budget 1998.

•14 May 1998 - Involvement in ACOSS press conference at Parliament House regarding taxation reform 'tax mix' issue. Extensive national broadcast coverage.

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