

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

### **Release Document**

**September 2018**

**[taxworkinggroup.govt.nz/key-documents](http://taxworkinggroup.govt.nz/key-documents)**

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;
- [2] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [1] appearing where information has been withheld in a release document refers to section 9(2)(a).

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



30<sup>th</sup> April 2018

## **The Future of Tax**

FEEDBACK FROM

New Zealand College of Midwives  
PO Box 21 206  
Christchurch 8143

Tel (03) 377 2732

---

The New Zealand College of Midwives is the professional organisation for midwifery. Members are employed and self-employed and collectively represent 90% of the practising midwives in this country. There are around 2,900 midwives who hold an Annual Practising Certificate (APC). These midwives provide maternity care to, on average, 60,000 women and babies each year. New Zealand has a unique and efficient maternity service model which centres care around the needs of the woman and her baby.

Midwives undertake a four year equivalent undergraduate degree to become registered. The undergraduate curriculum meets all international regulatory and education standards. Midwives are authorised prescribers in relation to their Scope of Practice as determined by the Midwifery Council.

Midwives provide an accessible and primary health care service for women in the community within a continuity of carer model as Lead Maternity Carers. Midwives can also choose to work within secondary and tertiary maternity facilities, providing essential care to women with complex maternity needs.

The College offers information, education and advice to women, midwives, district health boards, health and social service agencies and the Ministry of Health regarding midwifery and maternity issues. Midwives interface with a multitude of other health professionals and agencies to support women to achieve the optimum outcome for their pregnancies, health and wellbeing.



30<sup>th</sup> April 2018

Tax Working Group Secretariat  
PO Box 3724  
Wellington 6140

## **The Future of Tax**

The New Zealand College of Midwives (the College) welcomes the opportunity to provide feedback about the future of the tax system. The College recognises that the tax system in New Zealand is in need of urgent reform as the current situation has created a seriously inequitable society, and this has contributed to a society where deteriorating health and reduced wellbeing is widespread. The work by Wilkinson and Pickett (*The Spirit Level*)<sup>1</sup> demonstrates clearly that health and social problems are much worse in countries such as New Zealand, where we are observing the damaging effects of large inequalities of income and wealth.

Midwifery care takes place in partnership with women, and underpinning this practice philosophy is a concern for women's health, infant and young child health, and the health of the woman's family. The midwifery model of care ensures that primary maternity services are accessible for the majority of women, and the vast majority of women register with a midwife LMC during their pregnancy. This situation puts midwives in a position where they regularly interact with population groups who experience disparities or inequities in health (for example Māori and Pacific populations). Health, including mental health, and social problems, are related to inequity and income differences within rich societies.<sup>2</sup>

Boston and Chapple have drawn attention to the combination of policy changes and societal trends, which have led to dramatic increases in child poverty.<sup>3</sup> A key aspect to resolving the growing

---

<sup>1</sup> Wilkinson, R. & Pickett, K. (2010). *The Spirit Level: Why equality is better for everyone*. London, Penguin.

<sup>2</sup> Ibid

<sup>3</sup> Boston, J., Chapple, S. (2015). *The Child Poverty Debate: Myths, Misconceptions and Misunderstandings*. Wellington, Bridget Williams Books, BWD Texts.

problem of poverty is tax reform. The College considers that the role of government is to increase the wellbeing of its citizens and with this in mind the prospect of tax reform is both welcome, if overdue.

Further feedback is below:

### **Key recommendations**

1. Reducing wealth inequity by introducing a wealth tax, changing the bands of income tax payments and taxing homes that are not occupied, represents a positive step towards a more equitable model. Wealth tax could be assessed annually on the amount of net wealth. Vertical equity is necessary to move towards an ethically sound system.
2. The College considers that to improve our health system, including maternity care and well child health services, both of which are investments for our future, New Zealand requires stable and sustainable financing which could be achieved by a strong tax system including wealth taxes, and corporate tax. Progressive enforcement will result in an important redistributive effect leading to a more equal and healthy society. Progressive tax revenues from profits, capital, and income have been found to be much more effective in generating public funds for health.<sup>4</sup> In the study by Reeves et al, consumption taxes were associated with significant higher infant and young child mortality.
3. We are seeing an increase in the burden of non-communicable diseases with spiralling costs to society. It is therefore critical to acknowledge the poor socioeconomic environments and circumstances that many New Zealand families are living in currently, which present major barriers to wellness, and which are leading factors in non-communicable diseases. Health promotion, even underpinned by research, is unlikely to be effective where there are conditions of serious inequity, health disparities, hardship, and poverty. Tax review could contribute positively to this situation. To meaningfully contribute to the health of New Zealanders, a review of taxes on unhealthy food, such as those containing a high sugar amounts, and alcohol products, needs to be addressed.
4. Further to point 4 and the implication of inequity to society and health, Eckenrode et al, examined the relationship between country level income equality and rates of child maltreatment, and found that higher income inequality was significantly associated with higher

---

<sup>4</sup> Reeves, A., Gourtsoyannis, Y., Basu, S., McCoy, D., McKee, M., & Stuckler, D. (2015). Financing universal health coverage—effects of alternative tax structures on public health systems: cross-national modelling in 89 low-income and middle-income countries. *Lancet*, 386(9990):274-280. [http://dx.doi.org/10.1016/S0140-6736\(15\)60574-8](http://dx.doi.org/10.1016/S0140-6736(15)60574-8)

rates of maltreatment.<sup>5</sup> Lopez et al, also found that income inequality was independently associated with higher health care expenditures and more health care use.<sup>6</sup> The evidence implicating the detrimental effects of inequity, which does affect all of society, is growing.

5. To meaningfully contribute to environmental protection (and subsequent improvements in health) a climate change levy could be introduced to link tax payments to emissions, carbon taxes, landfill and waste, and nitrate fertiliser levies (with rebates available for such significant activities as tree planting, water-care, regenerative and organic agriculture).
6. Women are disadvantaged economically relative to men, and they also do the vast majority of unpaid care work – such as caring for children, caring for elderly relatives and caring for the home. Providing more and better quality public services can contribute to ending gender inequality, as women tend to step ‘into the gaps’ to provide a range of care needs that the state is not adequately addressing. Gender-responsive budgeting to ensure revenue from taxes is spent in a way which promotes gender equality is significantly important.
7. Measures to tackle corporate tax evasion are urgently needed and as described by Fisher, “*For today’s multinational corporations, tax avoidance and the use of tax havens have become commonplace and even an integral part of modern business practice.*”<sup>7</sup> Fisher also states, “*For these corporate leaders, if national governments have not (yet) made it illegal, it is not wrong; in fact, in the view of some, fiduciary responsibilities toward shareholders may even require their corporations to engage in such activities. If this attitude prevailed in all areas of business, however, corporations would still engage in environmentally harmful activities, human rights abuses, and other forms of socially irresponsible activity for the sake of maximizing shareholder value.*” In 2017 an investigation exposed twenty multinational companies who paid virtually no income tax, despite recording almost \$10 billion in annual sales to New Zealand consumers. The report stated that an “*analysis of financial information of more than 100 multinational corporations and their New Zealand subsidiaries showed that, had the New Zealand branches of these 20 firms reported profits at the same healthy rate as their parents, their combined income tax bill would have been nearly \$490 million.*”<sup>8</sup> Closing tax avoidance loopholes and implementing progressive taxes support better quality health and social services, which in turn can contribute to a system that addresses issues of gender discrimination and equity.

---

<sup>5</sup> Eckenrode, J., Smith, E. G., McCarthy, M. E., & Dineen, M. (2014). Income inequality and child maltreatment in the United States. *Pediatrics*, 133(3):454-461.

<sup>6</sup> López, D. B., Loehrer, A. P., & Chang, D. C. (2016). Impact of income equality on the Nation’s Health. *J Am Coll Surg*, 223(4):587-594.

<sup>7</sup> Fisher, J. M. (2014). Fairer shores: tax havens, tax avoidance, and corporate social responsibility. *Boston University Law Review*, 94:337-365.

<sup>8</sup> Nippert M. (2017). Top multinationals pay almost no tax in New Zealand. *New Zealand Herald*, 7 June 2017.

[https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=11607336](https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11607336)

## **Conclusion**

Significant investments are urgently needed in health, education, and environmental protection, to address existing inequality, poverty, and poor health, and the College is hopeful that the Tax Working Group will recommend substantial positive changes to the tax system to improve the lives and wellbeing of the majority of New Zealanders. Gender responsiveness needs addressing urgently as part of any tax reform policy changes.

New Zealand College of Midwives