



8 September 2017

Senate Standing Committees on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via email: economics.sen@aph.gov.au

Dear Sir/Madam,

Inquiry into the Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017 and 10 related bills [provisions]

The Australian Nursing and Midwifery Federation (ANMF) welcomes the establishment of the Inquiry into the Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017 and related bills by the Senate Economics Legislation Committee and thanks the Committee for the opportunity to contribute to the Inquiry.

Established in 1924, the Australian Nursing and Midwifery Federation (ANMF) is the national union for nurses, midwives and AINs, with branches in each state and territory of Australia. The ANMF's core business is the industrial, professional and political representation of over 260,000 members nationally.

Our submission to this Inquiry reflects the views of our members, who are employed in a wide range of settings in public and private health, and aged care sectors, and are situated in urban, rural and remote locations. The ANMF has a membership that is diverse in experience and pay capability, ranging from those at higher-registered nurse levels with reasonable earning capacity, to those members of the workforce who sit at the lower end of the pay spectrum, such as assistants in nursing and personal care workers.

As such, members of the ANMF have considerable interest in this matter, as both providers and consumers of health and disability services and care.

The ANMF is a strong supporter of Medicare as we believe that access to health care is a fundamental human right for every Australian and that Medicare, Australia's publicly funded universal health insurance scheme, is the most effective means to ensure such access. Medicare efficiently distributes resources in a manner that generally ensures timely and equitable access to affordable health care on the basis of clinical need rather than capacity to pay and is a key contributor to the success of Australia's health system.

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ANMF Journals

**Australian Nursing and
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**Australian Journal of
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The ANMF supports the current arrangements for the taxpayer funded Medicare levy of 2% of taxable income as a reasonable means to provide part funding of the health system. However, the ANMF is opposed to a blanket increase to the Medicare levy by 0.5% to 2.5% of taxable income for all eligible taxpayers for a range of reasons, which include our view that increasing the levy is neither a fair or efficient way to obtain funding for the National Disability Insurance Scheme (NDIS).

The ANMF supports the NDIS and strongly supports the government taking steps to ensure that the scheme is fully and appropriately funded but we do not believe that funding for the NDIS should be tied to the Medicare levy.

Providing for the disabled is about ensuring appropriate services and supports are in place to maximise the purpose, meaning and quality of life for those living with disability, and should be funded accordingly. But it is important to note that being disabled is not a health matter; it is therefore not appropriate to use the Medicare levy, which is widely recognised as funding health care.

The Medicare levy is well established and accepted by the community as a fair and reasonable way for all taxpayers to contribute to the nation's public health system, which is then able to deliver reasonable health outcomes for our society. Tying the Medicare levy to funding the NDIS risks creating a prejudice among the community that disability is increasing health care costs without the benefit of providing increased health services for all. Other mechanisms for funding the NDIS must be sought and utilised.

The ANMF considers there are other fairer options available, which could, and should, be used to provide funding for the NDIS. The most obvious to our members is to reverse the corporate tax rate cut introduced in the 2016 federal budget. The cut was justified by the Prime Minister with a claim that reducing company tax would reduce taxes on workers and their salaries, implying it would lead to increased wages and salaries for workers. This did not, and is not occurring. The current record lack of growth in wages is well established and well publicised by commentators and economists, including the Governor of the Reserve Bank who has warned about the negative impact of such severe lack of growth in wages for the economy.

There is little evidence to suggest that the strategy of reducing company tax brings any significant benefit to the wider community and therefore to the economy. It is abundantly clear that the decision to cut corporate tax is a political and not an economic one. Economists suggest that cutting corporate rates:

- will only increase the incomes of Australians by 0.8%;
- will see a third of the resulting increase in GDP leave the country in the pockets of foreign owned multinationals, as will much of the profit from any increased activity;
- will have little impact on Australian investors, who effectively pay tax on corporate profits at their personal rate of income tax;
- will provide a windfall for foreign investors while local small and medium businesses will have to bear increased costs; and,

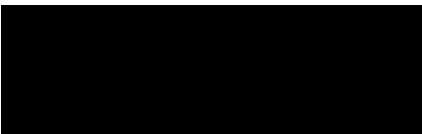


- risks ignoring fairness.¹

The final point above is of significant concern to our members; it is simply unfair to ask average earners and ordinary taxpayers to carry an extra tax burden, no matter how worthy the cause, while allowing large companies and corporations to pay less and, in many cases, for the profits reaped from Australians' work to flow out of the country.

The ANMF therefore asks the Committee to recommend against the Medicare levy increase and to secure funding for the NDIS by reversing the corporate tax cut and implementing other reforms to ensure that corporations, particularly overseas owned corporations, pay their fair share of tax and contribute appropriately to Australian society.

Yours sincerely



Annie Butler
Assistant Federal Secretary

¹ Henderson, J. 2017, What economists and tax experts think of the company tax cut, *The Conversation*, available online at: <https://theconversation.com/what-economists-and-tax-experts-think-of-the-company-tax-cut-72198>