



Women's Electoral Lobby | 8-10 Victoria Street, Newtown, NSW 2042 **EMAIL:** wel@welnsw.org.au
WEBSITE: www.wel.org.au

The Hon. Dr Jim Chalmers (MP)
Treasurer of Australia
PO Box 6022
Parliament House
Canberra 2600
15th August, 2022

Dear Treasurer,

Women's Electoral Lobby (WEL) is very concerned that the Stage 3 tax cuts, scheduled to take effect in July 2024 will exacerbate the existing gender based income gap and diminish government revenue to improve services and initiatives to achieve gender equality.

WEL requests that proper and detailed consideration be given to either the delay or repeal of the implementation of the Stage 3 tax cuts which are scheduled to take effect in July 2024.

As you are aware, in 2018 when these tax cuts were enacted by the Morrison government, the then Labor Opposition did stress that it may be unwise to enact cuts so far into the future. But, the Opposition chose not to obstruct the legislation at that time.

Economic circumstances have changed quite radically. In 2022, with inflation at levels not seen in 50 years, WEL believes it is appropriate to reconsider these Stage 3 tax cuts. Analyses from reputable economists such as the Australia Institute's Matt Grundnoff and from the Australian Council of Social Services indicate that the impact of these cuts will lead to men receiving 72% of the benefits and women 28%. Other writers and commentators have suggested that 80% to 85% of the benefits will go to men.

Many analysts additionally conclude that these cuts benefit high income earners and reduce the progressive nature of the tax system. Importantly, in the current economic context, these tax cuts will be inflationary and may work against the Reserve Bank's agenda of trying to control inflation.

Inflation at the current levels was not anticipated in 2018, when the legislation for the tax cuts was enacted. To delay or repeal them should be viewed as the government dealing with the current inflationary economy. Though we cannot predict the RBA's position for the future, it may well be forced to raise interest rates, further hurting those on low incomes. At the same time, the government is faced with the prospect of future lost revenue when it is confronted by unprecedented budget deficits.

WEL supported the vision and details of Labor's plan for women in our 2022 Election policy scorecard. We note that some economists estimate the Stage 3 cuts will cost as much as \$15.4 billion in foregone revenue in 2025-26. We do not want to see their impact having the detrimental consequence of delayed implementation of major ALP commitments.

We are particularly concerned, with many other organisations, about the need for affordable housing and risk of homelessness faced by women over the age of 50 due to decades of little, or insufficient, funding for social and affordable housing. The needs of Aged and Child Care sectors must be urgently addressed.

In the interests of securing progressive and long term reform to achieve genuine equality for women and equity for all, we urge reconsideration, modification or abandonment of the Stage 3 tax cuts. WEL understands the economic challenges, but sensible revenue options are limited. Taxation revenue is precious and should not be squandered.

We trust you will accord our position consideration in the lead up to this years budget.

Yours sincerely,

Jozefa Sobski AM
Convenor, WEL Australia
(Mobile: 0403 895929)