

## Morrison open to changing tax white paper process

Written by The Conversation USA

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Treasurer Scott Morrison has opened the possibility for an alternative to the government's present white paper process for tax reform.

The government was "not hostage" to particular processes and was "open to different approaches," Morrison said on Sunday.

The current arrangement was for a green paper and a white paper, he said, "but what the debate over the last three or four months, I think, has shown is, in many ways, the public have moved beyond that".

Over recent months, with the government's approach of not ruling out options, there had been a real community debate, with many proposals being brought forward by various groups and ideas teased out, he said.

"Now they're not necessarily proposals the government is putting forward, but the community is putting these proposals forward and I think that's actually conditioning and informing the debate far better than this old style process of big tome documents that's all brought into one and they end up becoming doorstops and, worse than that, they don't effect the change we need," he told Sky TV.

He said that in many ways "we've advanced the debate I think a lot more effectively over the last four or five months than a green paper ever would".

Asked for clarification, the Morrison office said work continued on the white paper although the process might take a different course.

The government says conclusion of its tax plans, which it has promised will go to the election, is still a long way off. Prime interest centres on whether it will change the GST, increasing the rate or broadening the base or both.

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Morrison said people were not interested in “reading a large tome on tax”. They wanted to know what changes would mean for particular issues, such as superannuation.

Asked whether a white paper would not in reality be “a large tome on tax”, Morrison said “it depends how you construct it”.

“We’re open to different approaches,” he said. “Now a white paper is simply this – it’s a statement of government policy and a statement of government policy can be done in many ways.” He pointed to last year’s innovation statement, with its tax measures. “People could see that it wasn’t so much about tax as it was about spurring the agility in the economy that we needed, and tax had a role to play in that.”

Possible alternative ways to presenting tax reform would not diminish the detail presented, he said.

He said all the tax changes would be made public before the election. “And there are a number of key statements along the way between now and the election. Obviously there’s a budget. ... And there are a range of opportunities all the way along throughout the year for these things, I think, to be articulated and worked through and there’s still a lot more work to be done.”

Morrison flagged that any changes to the GST would be unlikely to bring health and education into it. He said the GST was not put on these areas by the Howard government because of problems with doing so – they had not been excluded because of the Senate. “And so if the government were to go down that path, you’d be looking at the same fundamentals.”

Morrison is stressing the need to lower company tax, saying it, like bracket creep, is a blocker to growth.

He also put his own spin on the issue of compensation, which would have to be paid if the GST were changed. “There’s plenty of talk of compensation for people receiving transfer payments – and this is something that’s obviously important in the context of a tax debate – but what about the compensation [for bracket creep] for people who are running businesses, going to work

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every day, backing themselves every day? There's no compensation for them if we leave the tax rates where they are."

On superannuation Morrison said incentives had to be targeted to address the purpose of superannuation – to provide for retirement. They should not be there to build tax-free inheritance pools for people to pass on.

Governments had to be careful of changing arrangements for the retirement phase because that was effectively applying retrospectivity for people who had previously made arrangements and were already in this phase.

Shadow assistant treasurer Andrew Leigh said Morrison said he wanted to tackle bracket creep, "but the majority of the government's return to surplus by 2021 relies on bracket creep. So if Scott Morrison really plans to tackle bracket creep, he needs to explain to Australians how he ever intends to get the budget back into surplus".

*Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.*

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