



The Ian Castles roundtable on tax and social security

Wednesday 12 October 2011 6.30pm for 7pm dinner

Thursday 13 October 2011 8.30am for 9am - 5pm roundtable

Canberra Springbank Room Lower Level, JG Crawford Building #132, Lennox Crossing, The Australian University, Canberra.

In memorium: In honour of Ian Castles AO OBE (1935 - 2010), former Secretary of the Department of Finance (1979-86), Australian Statistician (1986-94) and visiting fellow at the Australian National University.

The roundtable is being hosted by the ANU (the HC Coombs Policy Forum, the Australian National Institute for Public Policy and the Crawford School of Economics and Government), in partnership with the Australia and New Zealand School of Government, the Academy of the Social Sciences in Australia and The Economic Society of Australia.

Focus

The Henry and Harmer Reports canvassed a wide range of long-term reforms to Australia's tax and transfer system. This Roundtable will focus on the personal income tax and social security aspects, a field that Ian Castles made a major contribution to over many years. Particular areas for exploration will be the personal income tax scale and family assistance; the structure of social security pensions and benefits (eligibility, rates and means tests) and the interaction between these particularly on effective marginal tax rates; and superannuation.

Reference Group

A reference group is helping to guide the program and the list of invited participants. The group comprises :

- Andrew Podger and Adam Graycar (Australian National Institute for Public Policy)
- Bruce Chapman, David Stanton (Crawford School of Economics and Government)
- Dennis Trewin (Academy of the Social Sciences in Australia)
- John Wanna and Peter Allen (Australia and New Zealand School of Government)
- Rob Heferen (Treasury) and Michael Lye (FAHCSIA)
- Meredith Edwards
- Helen Williams

Format

Evening plus full day (see following page for proposed program); invited participants only; Chatham House Rule; dinner speaker, then five sessions the following day; each session led by two or three discussants speaking for 5-7 minutes each; write up by nominated participants for publication. Participants are being invited from across government, academia, media, NGOs, and the private sector

Background material

Henry and Harmer Reports. Treasury and FAHCSIA will provide updates of factual material on current arrangements including tax scale, means test arrangements, family assistance arrangements. Peter Whiteford will provide briefing notes for each of the first four sessions drawing on international and Australian experience and debates (and his own previous work).

Outcomes

A brief summary of the discussions will be prepared for wider distribution, which will not identify comments or suggestions as coming from any particular individuals. Consideration will be given to possible further publication of material in the Crawford Policy Briefs or in a suitable journal (e.g. The Australian Journal of Social Issues).

PROGRAM

Day One: Dinner

6.30 for 7pm Canberry Springbank Room, Lower Level, JG Crawford Bldng #132, Lennox Crossing, ANU

MC: Dennis Trewin

Speaker: Andrew Podger to speak about Ian Castle's contribution and its continued relevance to tax and social security reform

Day Two: Roundtable

8.30am Arrival tea and coffee, registration

9 - 10.15am **SESSION ONE: underlying objectives and issues**

Eg. Efficiency, fairness, simplicity, net revenue-raising effectiveness, incentives, market failures in insurance

Chair: Andrew Podger

Discussants: John Piggott and Jeff Harmer

10.45 - 12.15 **SESSION TWO: Personal income tax scale and family assistance**

Eg. How should horizontal and vertical equity be achieved and balanced? Should the tax unit be strictly the individual or should there be room for family based tax? To what extent should the tax scale try to address equity? For whom are high effective marginal tax rates of most concern? Is family assistance better achieved through the tax system or the transfer system?

Chair: Ann Harding

Discussants: Rob Bray and Peter Whiteford

1 - 2.30pm **SESSION THREE: Social security pensions and benefits, means tests and tax arrangements**

Eg. Should pension and benefit categories align with prospective workforce participation and if so how? Should payment levels vary with these categories and if so how? What effective marginal tax rates would provide the best balance between equity and efficiency? What role should be played by work tests etc.? Links with welfare to work? Should payments be taxable?

Chair: Bruce Chapman

Discussants: Peter Davidson and Bob Gregory

3 - 4.30pm **SESSION FOUR: Age pensions and superannuation**

Eg. How should superannuation contributions and benefits be taxed? What would be an equitable approach which facilitated the spreading of lifetime earnings? Is further action required to promote annuities – is longevity risk an area of market failure? What means test arrangement best integrates superannuation and age pensions? Should super benefits be more strictly preserved? Do we have too many funds, and should government do more to reduce administrative costs etc. or to limit risks for members?

Chair: Serena Wilson

Discussants: Hazel Bateman and Deborah Ralston

4.30 - 5pm **CONCLUDING SESSION**

Chair: John Wanna

Discussant: Dennis Trewin

Final remarks: Andrew Podger

Contact

Professor Andrew Podger
 Australian National Institute for Public Policy
 The Australian National University
 T 02 6125 2449 E andrew@podger.com.au