

# Taxation Principles Reporting Bill 2023



New Zealand Council Of  
Christian Social Services

## Tirohanga Whānui | Overview

The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on the Taxation Principles Reporting Bill.

We generally support the kaupapa of the Bill to introduce a statutory framework for the reporting of tax information based on core tax principles.

## Kaupapa | Purpose

We strongly recommend that consideration is given to addressing the following areas:

1. Limitations of the framework
2. Require connection to existing frameworks / reporting
3. Build in, and fund a review of the framework as a tool and for efficacy
4. Consider inclusion of the principles of transparency and social equity
5. More broadly, for IR to widen those who they consult with

## Taunakitanga | Recommendations

We raise the following points and recommendations for consideration:

### Item One – Limitations of the Expected Results

The kaupapa behind this Bill is an ambitious one. The Cabinet paper informing the Bill (CAB-22-MIN-0332) suggests that the development of reportable tax principles will:

1. Improve the public's understanding of New Zealand's tax system;
2. Inform discussions on tax, fiscal and economic issues among stakeholders, policy makers and wider public; and
3. Contribute to the achievement of wider long-term social, fiscal, and economic objectives through data driven reporting.

We agree that reporting on the principles as described will support measurement and generate useful information. We do not see that reports on these principles will specifically lead to New Zealanders having a greater understanding of the tax system.

The goal of New Zealanders better understanding the tax system is a useful and necessary one. These principles could be utilised as a *part* of a public awareness campaign, but planning must include options for change dependant on the results.

We strongly tautoko movements to widen understanding of our tax system but do think IR are overstating this Bill's likely impact in this area.

Public education campaigns have a precedent in Aotearoa, having been used to educate the public on MMP when our voting method changed.

**Recommendation One:** We suggest a genuine, long-term plan be developed and funded to improve the tax literacy of New Zealanders.

### **Item Two – Ensure connection to existing frameworks / reporting**

Tax is part of the economic system, rather than outside of it. It is also part of the social and legal system. For these principles to have deep relevance, they must be effectively and legislatively connected to other core Government frameworks, laws, and principles. The most relevant of these being Te Tiriti o Waitangi and Treasury's Wellbeing Framework.

Measuring success by the same standards universally strengthens results and enhances utilisation. It reduces governmental silo's, widens understanding and creates new opportunities. The results of any reporting using the proposed framework would be made more relevant, and potentially more accessible, if connected to other core national principles.

Multiple stand-alone reports that do not intentionally interact with other crucial measures leave the value of results open to uncertainty. They allow for misapplication of results against the very measures that they should enhance. It is far more practical and useful for these principles to be required to interact with core governmental principles and articles than to see this occur in an ad hoc and cherry-picked way.

Further, it is inappropriate for IR to not include Te Tiriti o Waitangi in a framework they intend to be integral to their mahi. IR need to strengthen their commitment to Te Tiriti, and this would be a useful way to enact this.

**Recommendation Two:** We suggest the Bill include a requirement for reporting using the principles to also incorporate Treasury's Wellbeing Framework, and a published response to any findings to be measured against the articles of Te Tiriti o Waitangi.

### **Item Three – Require reasonable review of the framework as a tool to meet stated outcomes and for efficacy**

As a new tool, we strongly advocate for a stated period for review of the tool itself. And that this be funded.

**Recommendation Three:** Include a requirement for review of the tool and prepare for appropriate funding to be allocated to allow for this to occur.

### **Item Four – Consider inclusion of the principles of transparency and social equity**

We agree that the principles as stated are generally useful and should lead to useful information being generated. We would advocate for the inclusion of two additional principles, being transparency and social equity.

Public understanding and perceptions of the tax system would be enhanced by measuring the transparency of our tax system. A lack of transparency often results in a wider lack of clarity. As a principle applied to our tax system, the requirement for transparency would function as a foil to much of the complexity that results in a wider lack of balance in the system. The recent report into the tax arrangements of our most wealthy is an excellent example of this. If a genuine goal of these principles is also to support public awareness and understanding, then transparency enhances the more complicated principles.

For a tax system to be well understood it must be perceived to be equitable for all in a society. Social equity would consider the fairness of our tax system at a societal level. To know if that is the case, being able to clearly measure delivering on that principle is useful. Accurate knowledge would allow IR to address the challenges to economic fairness further embedded by current tax settings.

**Recommendation Four:** We suggest the measurement of the principles of transparency and social equity.

**Item Five – Generally widen who IR consults with**

This Bill aims to ‘increase the public’s understanding of New Zealand’s tax system and improve the public debate on tax policy’. However, only two organisations were consulted in its development. This approach does not serve to either deepen understanding or increase public debate. In fact, it has the opposite effect.

Both parties formally consulted bring a particular, similar, and useful perspective. Despite the usefulness of this perspective, a wider net would broaden the expertise which informs this work. Also noted was the attendance of public lectures delivered by a group encompassing a wider variety of perspectives. It would not have been out of scope to arrange with this group, or others, to seek their opinion in the earlier stages of the framework’s development.

The ability to submit on a Bill is a valuable part of our democracy. But by the time a Bill has been drafted, the genuine appetite to make substantial changes is low. The optimal time to seek public debate on tax policy would be as it is developed, not as it is delivered.

If the desire to increase public’s understanding of our tax system is genuine, then IR must actively seek to engage with the public, at all steps of policy development. This framework would have been a very accessible tool to widen the pool of voices inputting into IR policy and is a missed opportunity.

**Recommendation Five:** We suggest feedback to IR to widen their engagement with the public.

**Ko wai tātou | Who we are**

NZCCSS has six foundation members; the Anglican Care Network, Baptist Churches of New Zealand, Catholic Social Services, Presbyterian Support and the Methodist and Salvation Army Churches.

Through this membership, NZCCSS represents over 250 organisations providing a range of social support services across Aotearoa. We believe in working to achieve a just and compassionate society for all, through our commitment to our faith and Te Tiriti o Waitangi. Further details on NZCCSS can be found on our website [www.nzccss.org.nz](http://www.nzccss.org.nz).

**Ingoa whakapā | Contact Name**

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