



Policy School: Australia is a low taxing country

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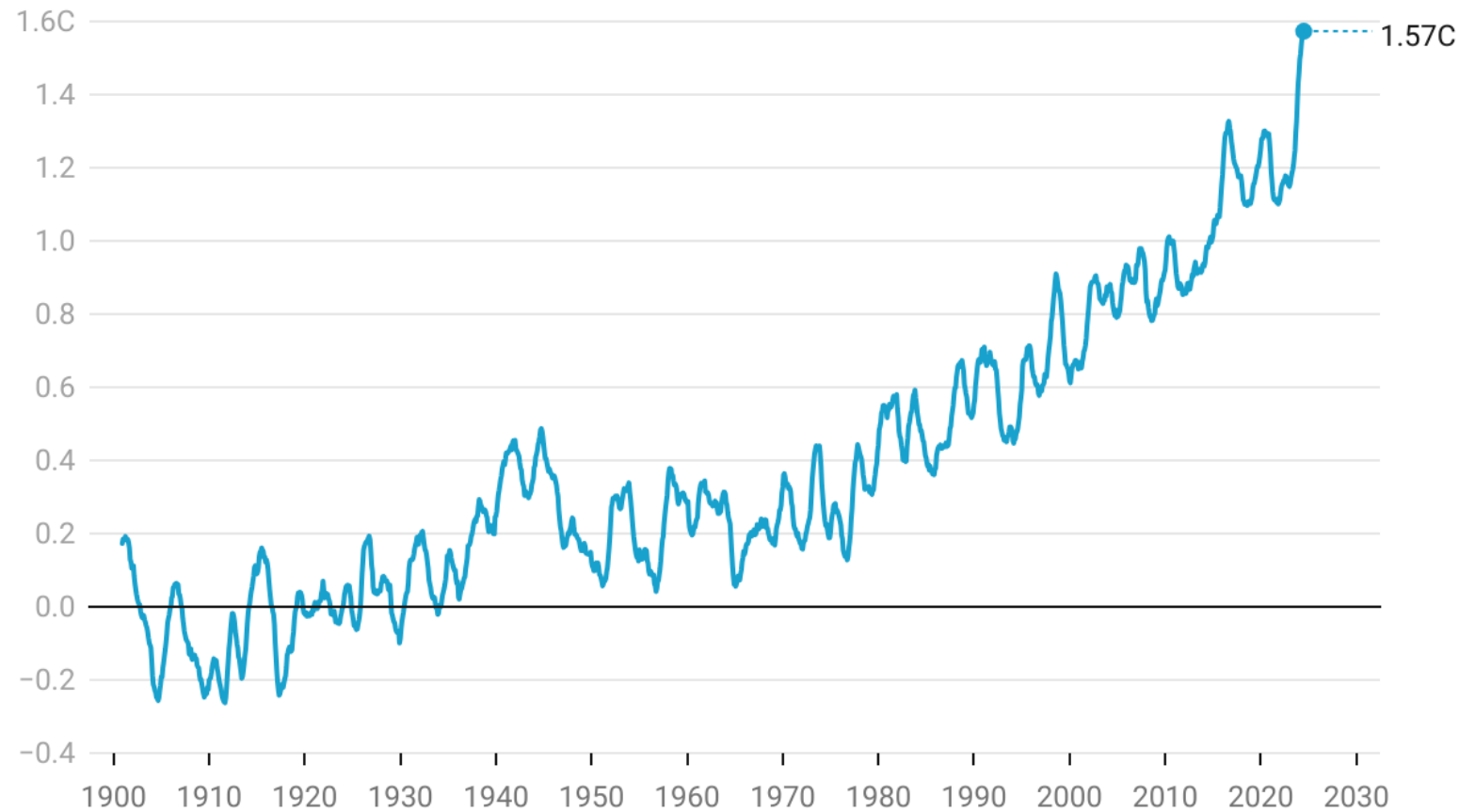
Policy School: How to win policy

Alas a graph alone
won't do it

Global Land-Ocean Temperature

The Australia Institute
Research that matters.

Monthly temperature anomaly from 1880-1909 average



Source: NASA GISS

Policy School: How to win policy

1. Highlight the issue:
 - Information / understanding / facts / explanation
2. Explain the problem:
 - Why does this matter?
 - Who does it matter to?
3. Provide a solution:
 - Policy – Who benefits

Highlight the issue: Australia is a low taxing country

MYTH: Australians pay a lot of tax, and the Govt spends too much

Finance > Money > Tax

Australia world leader in income tax surge, OECD data reveals

With bracket creep fuelling record tax collections, fresh data shows Australia's tax revenue grew faster than any other advanced economy last year.

Jack Quail

2 min read April 25, 2024 - 7:00PM NCA News

Australia's average tax rate increase tops OECD countries due to bracket creep and end of tax offset

— Opinion

Government spending addiction adds to RBA recession risk

— Opinion

Profligate public spending amplifies inflation crisis

Financial markets might spit the dummy and unilaterally impose a much higher long-term cost

— The AFR View

Chalmers' budget boast overlooks Australia's debt mountain

The substantial fiscal challenge facing the nation from the 2024 budget is the forecast dec

Highlight the issue: Australia is a low taxing country

Total government tax revenue across the OECD

50% of GDP

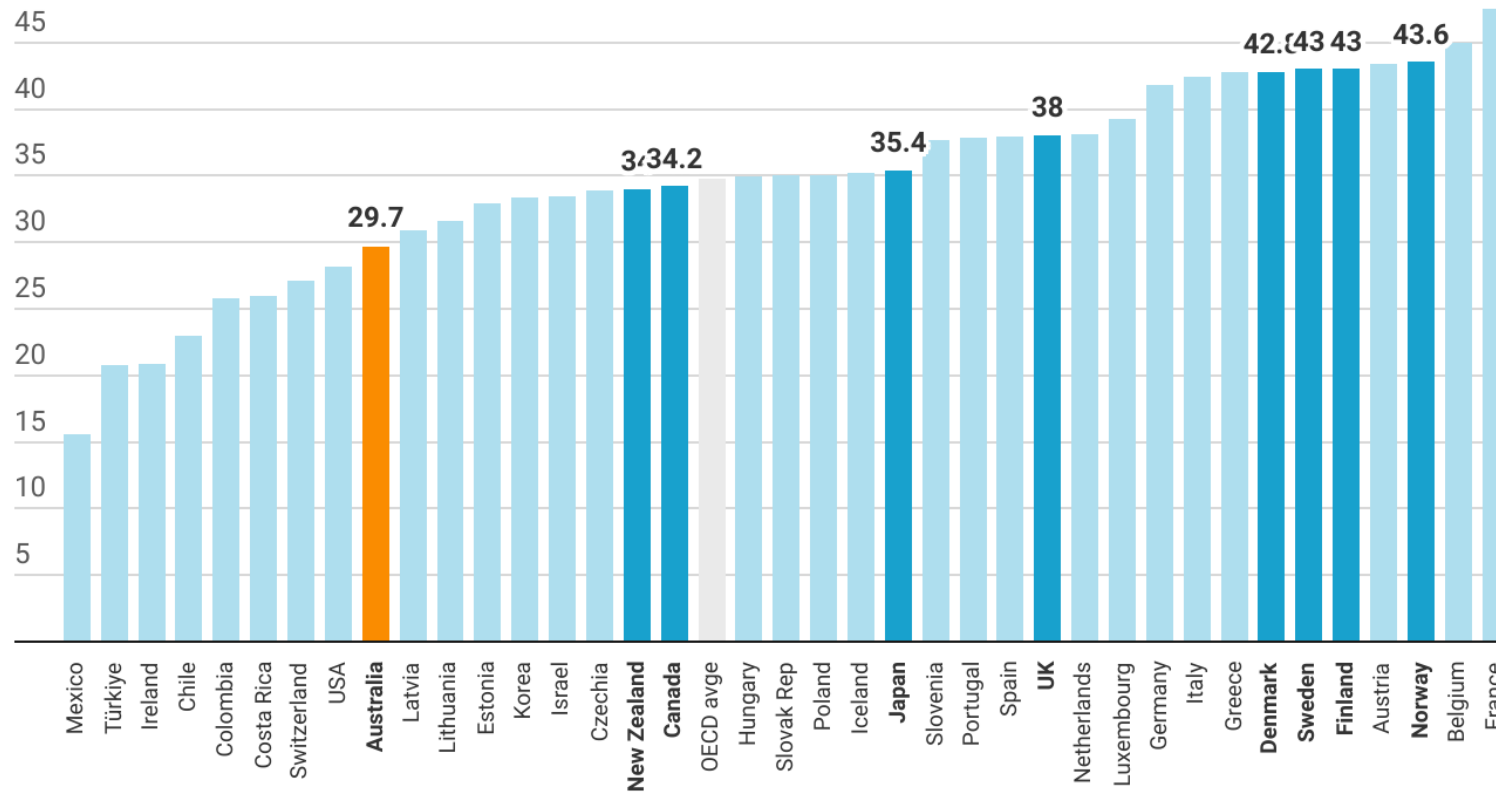
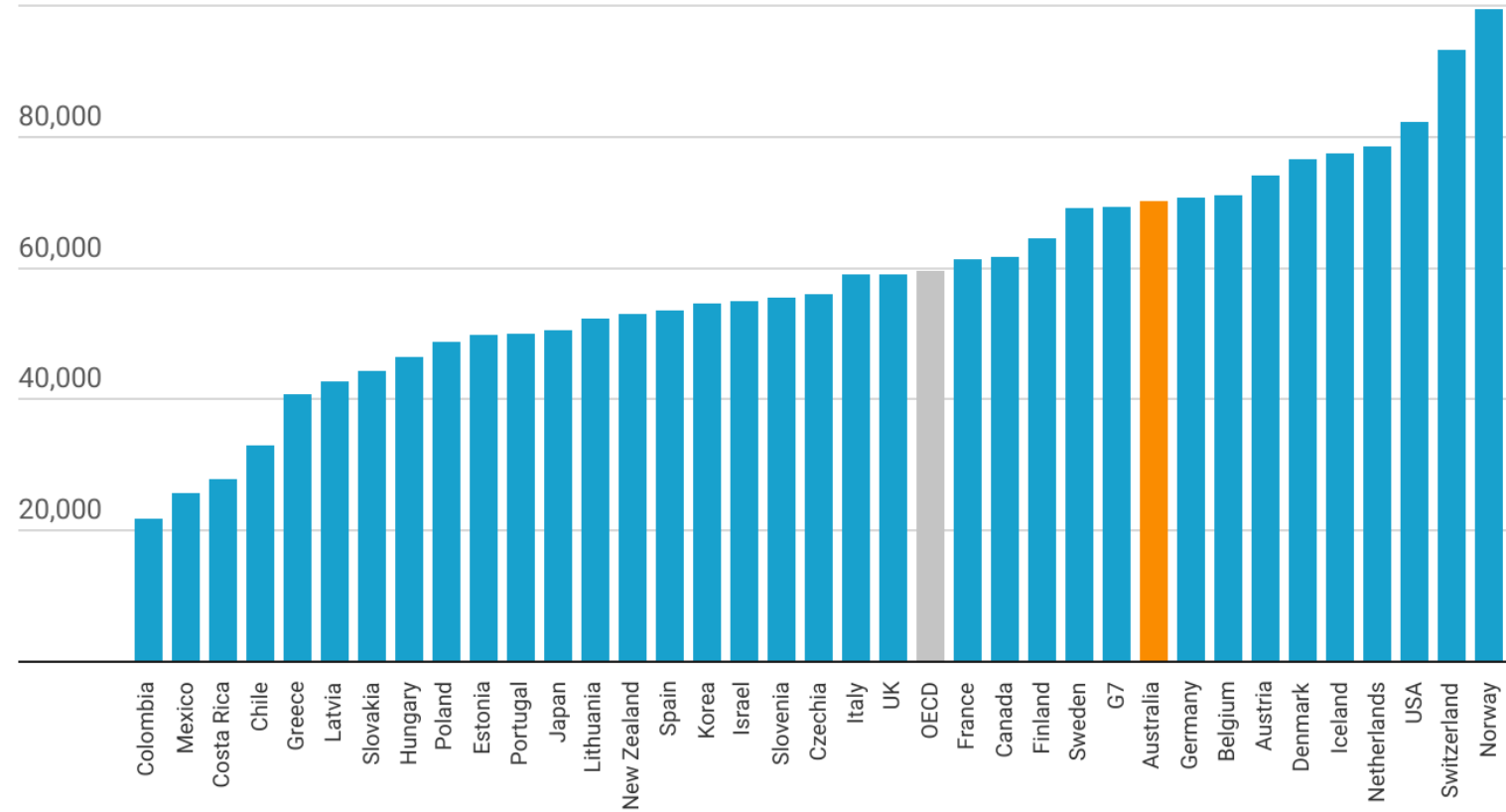


Chart: The Australia Institute • Source: OECD. All figures for 2022

Highlight the issue: We are a rich country

Australia is a rich country

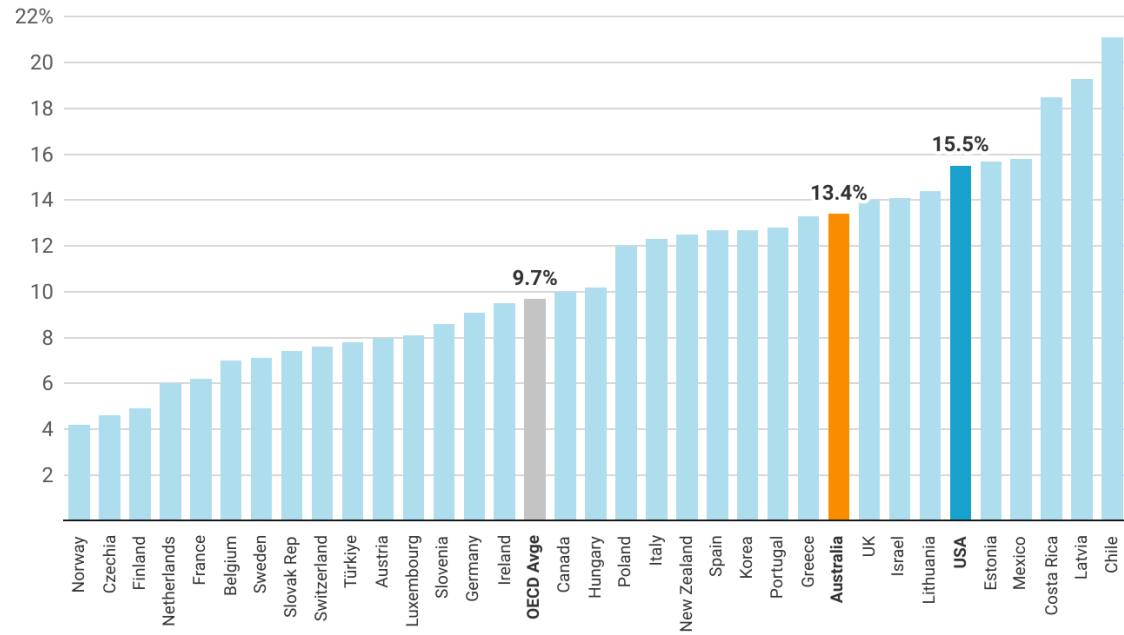
\$US100,000



Source: OECD, Figures for 2020, Excludes Luxembourg & Ireland for reasons of scale.

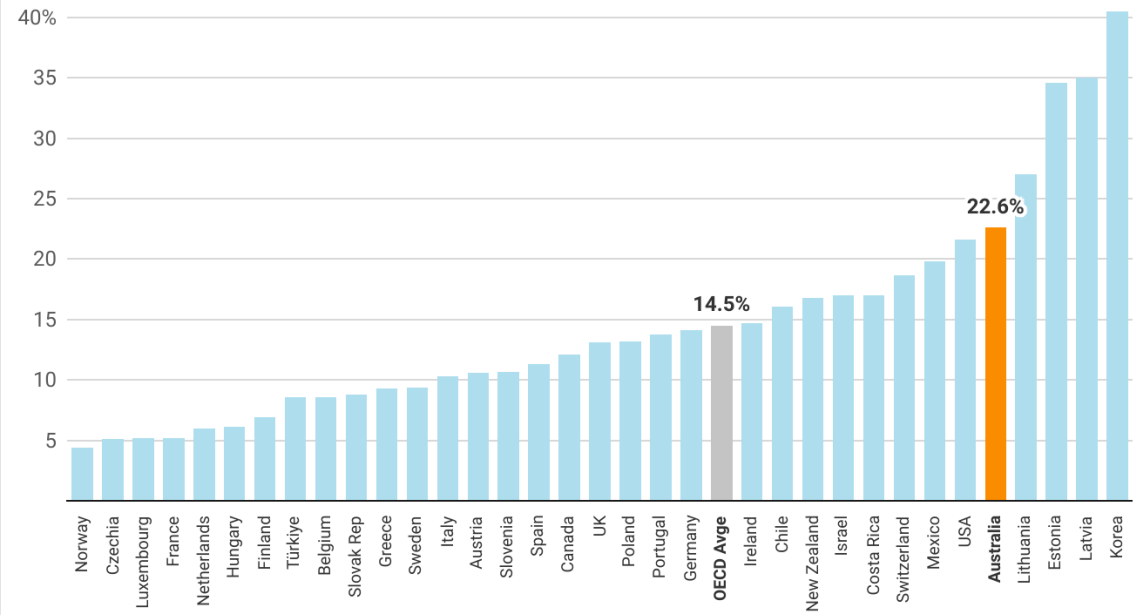
Explain the problem: We are a rich nation with high poverty

Poverty rate - people aged 51-65 years



Source: OECD - Income distribution database (all figures for 2020)

Poverty rate - people aged 65+ years

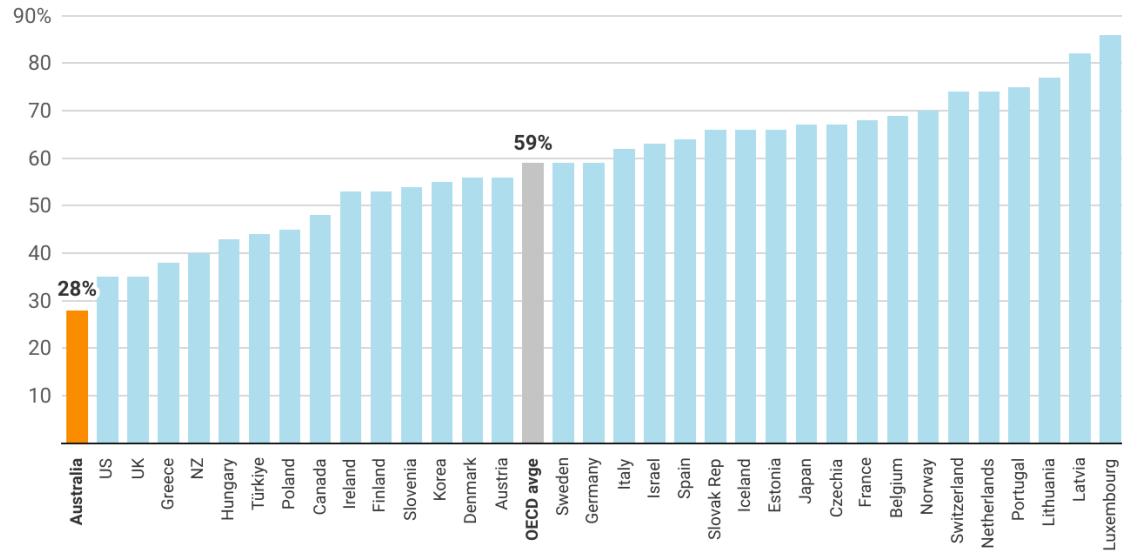


Source: OECD - Income distribution database (all figures for 2020)

Explain the problem: We spend little on things that reduce poverty

Unemployment assistance replacement rate

Unemployment rate as a percentage of average wage, 2022

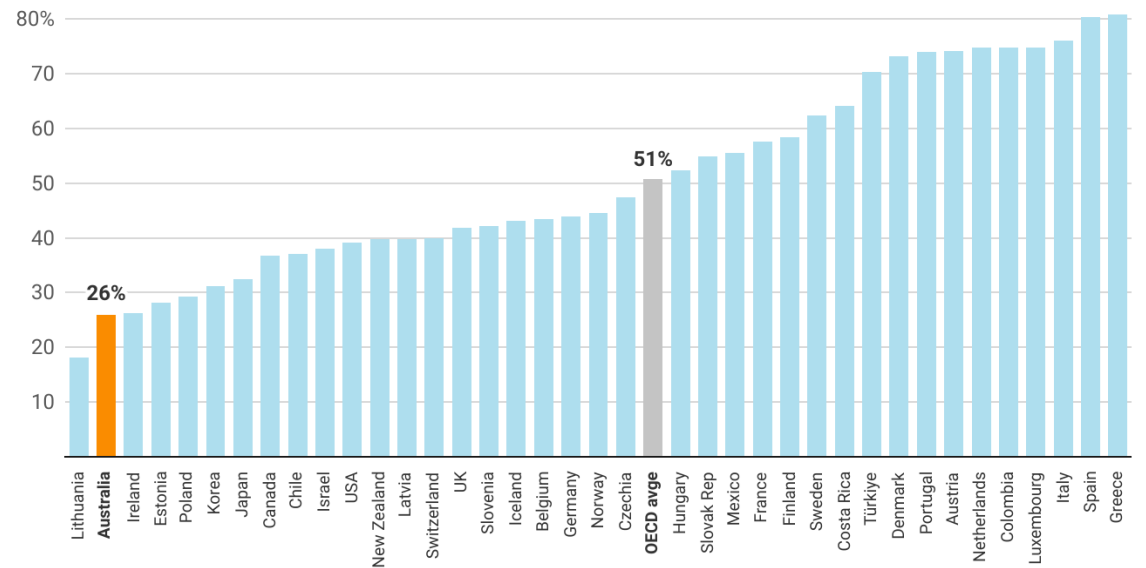


including housing benefits

Chart: The Australia Institute • Source: OECD

Age Pension replacement rate for men

Gross pension replacement rate at 100% of average male wage, 2022



Source: OECD Pensions at a glance

Explain the problem: We need more govt services

Australia News

Crisis in Australia's healthcare system as millions unable to afford GPs and ambulance waits top 50 minutes in one state

New data has revealed the true extent of the crisis in primary care due to cost, face extreme ambulance wait timeframes in emergency departments.



Max Melzer Digital Reporter

The Sydney Morning Herald

Analysis Politics NSW Education

Public schools 'killing off sport' as private school facilities grow

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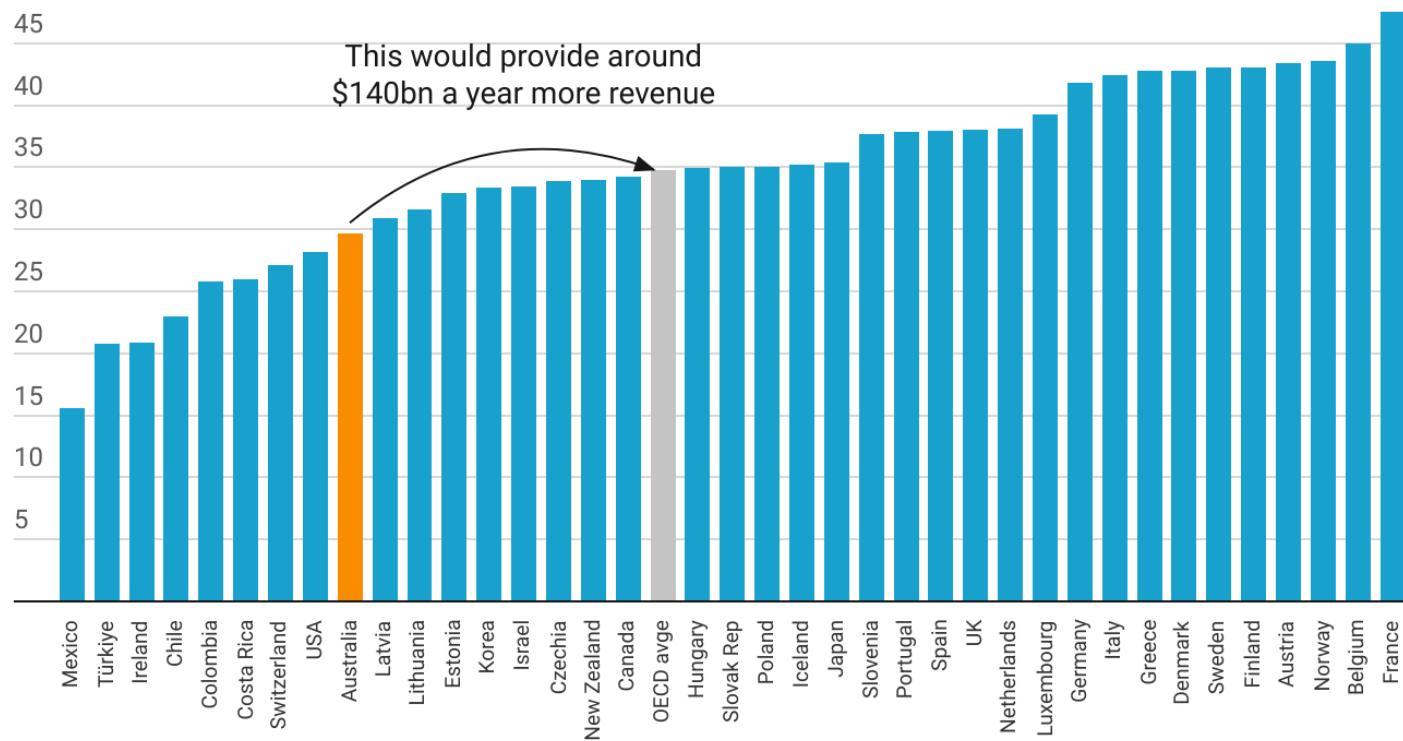
Centrelink, Medicare call waiting times balloon and over 11 million calls not answered

By political reporter Nicole Hegarty

Explain the problem: **We have a revenue problem**

Total government tax revenue across the OECD

50% of GDP



Age Pension: \$59.2bn

NDIS: \$44.3bn

Jobseeker: \$14.7bn

Child Care Subsidy: \$13.9bn

Housing: \$4.3bn

Vocational Ed: \$2.4bn

ABC and SBS: \$1.4bn

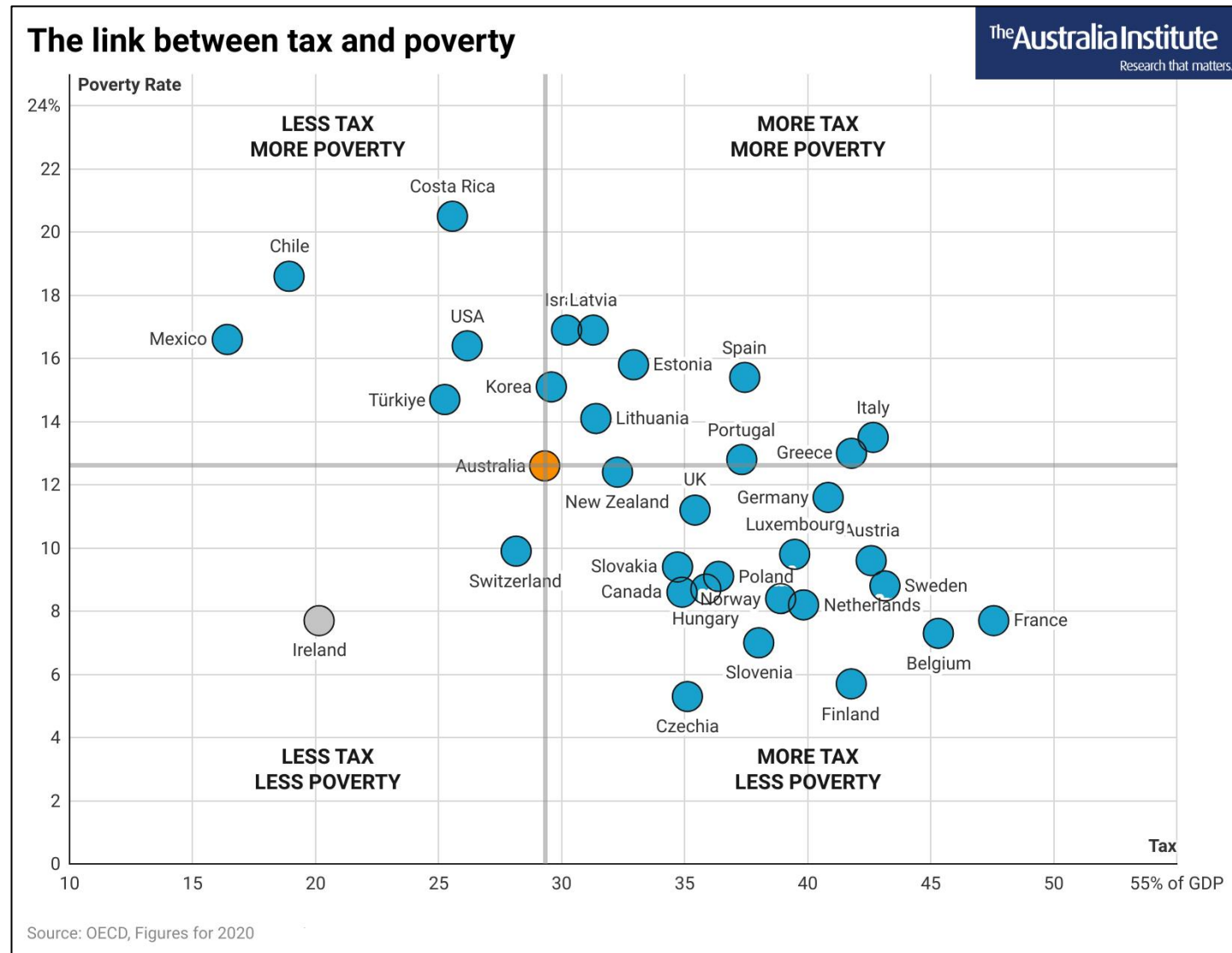
TOTAL: \$140.2bn

Source: 2024-25 Budget Paper No.1

Source: OECD. All figures for 2022

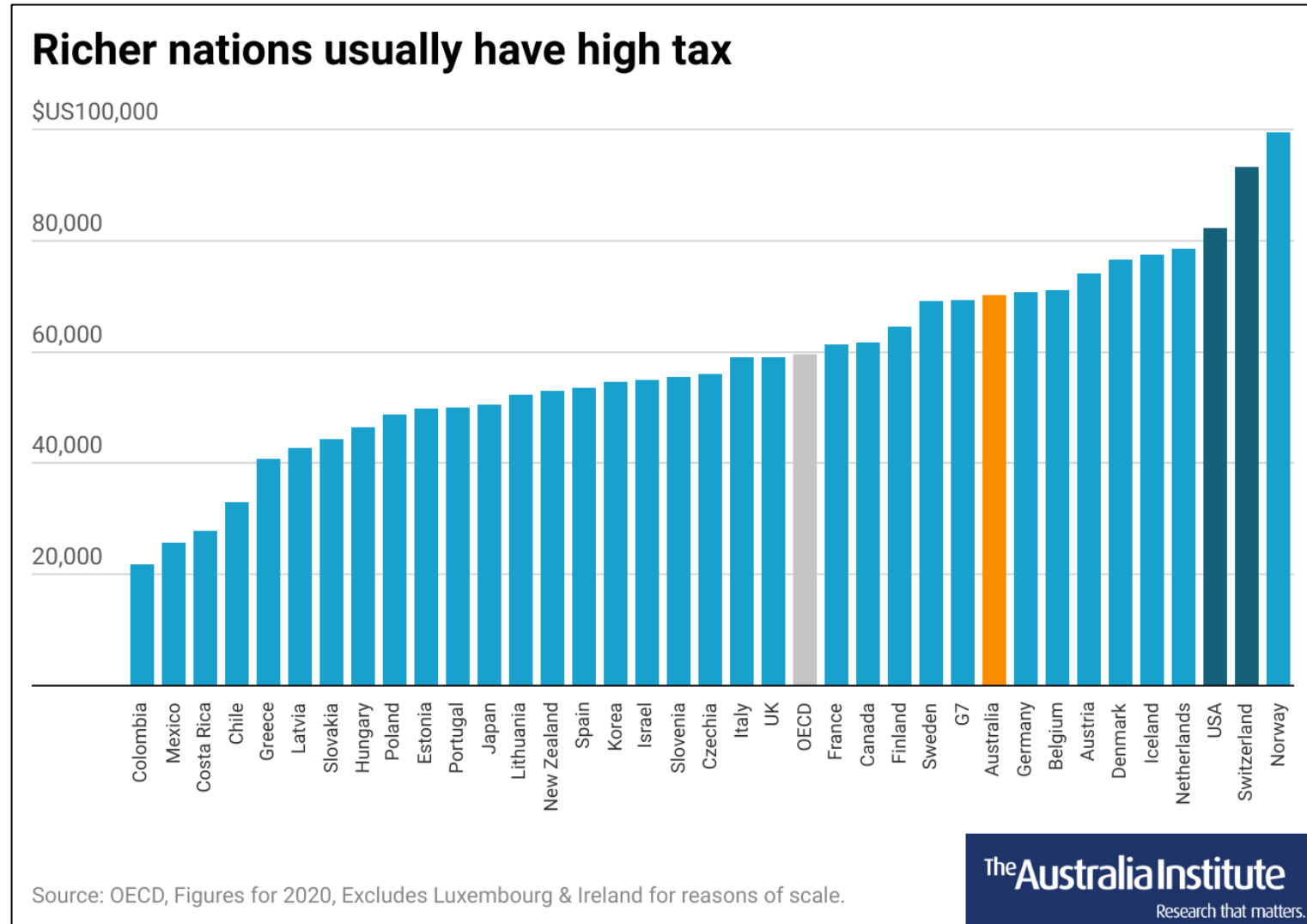
Provide the solution: Tax is Good – we need more of it

More tax – less poverty



Provide the solution: Tax is Good – we need more of it

Rich country – higher tax



Provide the solution: Tax is Good – we need more of it

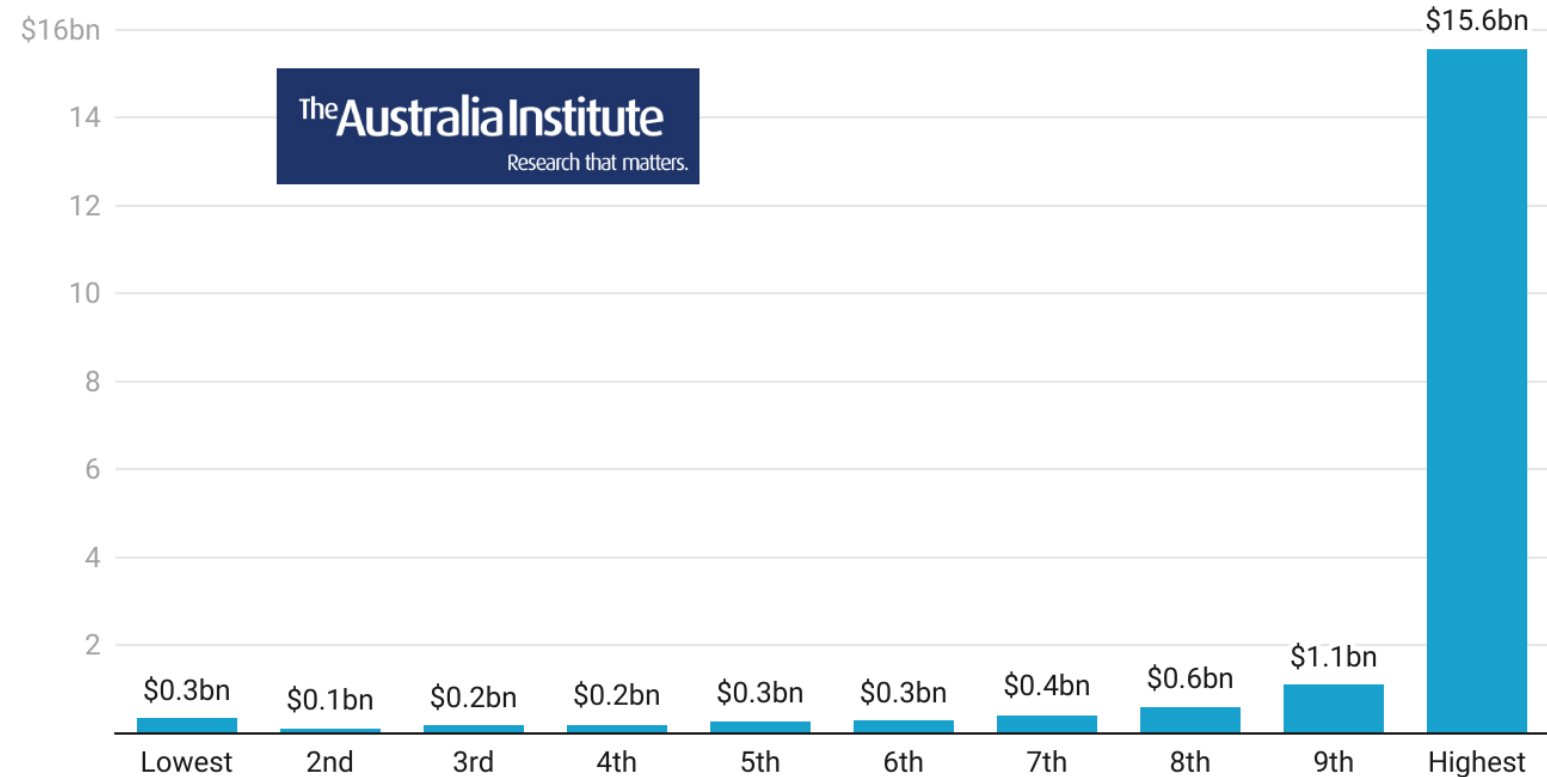
- **Not more Income Tax**
- The point is to improve equality, lower poverty, provide better public services, improve the environment.
 1. Capital Gains Tax Discount - **\$19.5bn** in 2023-24
 2. Reduce the superannuation incentives which overwhelmingly benefit the wealthiest and cost **\$51.6bn** in foregone revenue.
 3. Eliminate fossil fuel subsidies, that cost **\$14.5bn** in 2023-24.
 4. Increase charges for the gas industry – more than half of Australia’s gas exports pay zero royalties and none pay Petroleum Resource Rent Tax. Stronger PRRT = **\$2.5bn**. Royalties in WA alone - **\$2.4bn**
 5. Tax carbon emissions – estimated to raise **\$70bn**.
 6. Wealth taxes etc etc

Provide the solution: Capital Gains Discount

Just hitting the rich?

The richest 10% get 80% of the capital gains discount

Estimates of revenue forgone by income decile (2023-24)



Source: Treasury Tax Expenditures and Insight Report 2023-24

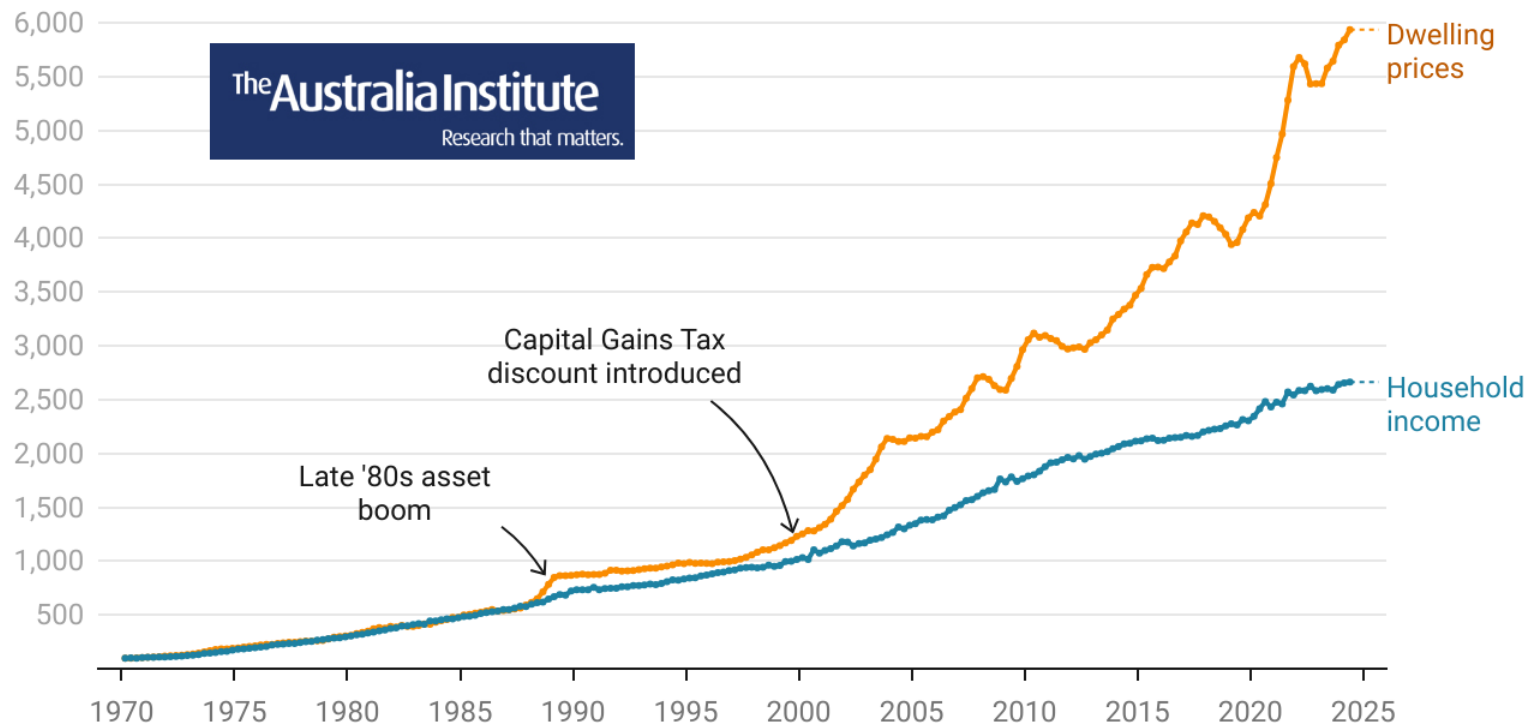
Provide the solution: Capital Gains Discount

Just hitting the rich?

No – fixing the housing market

Since 2000 house prices have risen nearly twice as fast as household incomes

Index of dwelling prices and per capita household disposable income, 2000 = 100



Source: ABS, BIS

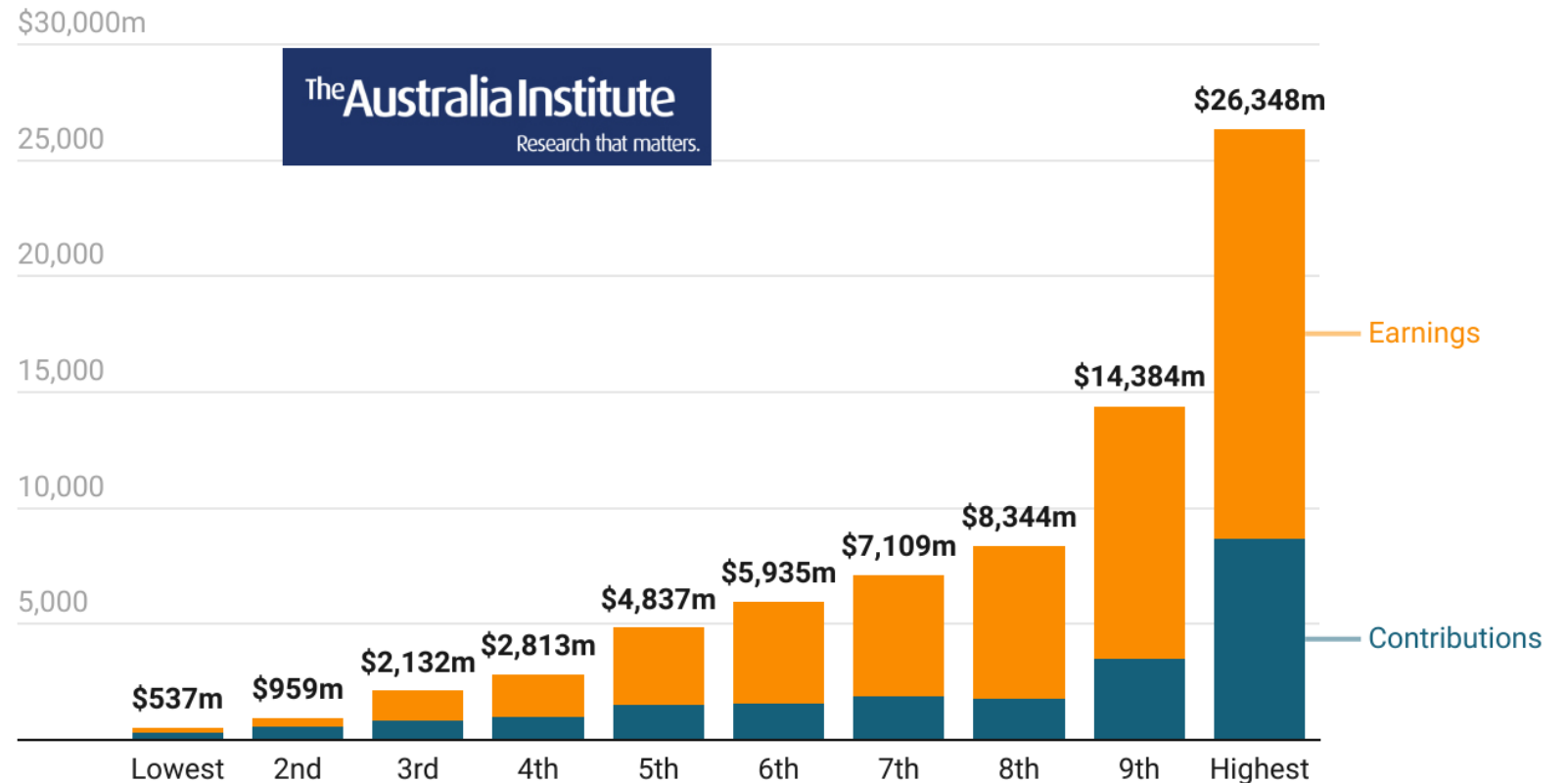
Provide the solution: Superannuation Discount

Hurting people just saving for their retirement?

No – a costly tax break for those who will never be eligible for the pension

Tax concessions on superannuation benefit the wealthiest

Cost of tax concessions on super contributions & earnings in 2023-24 by income decile



Source: Dept Treasury

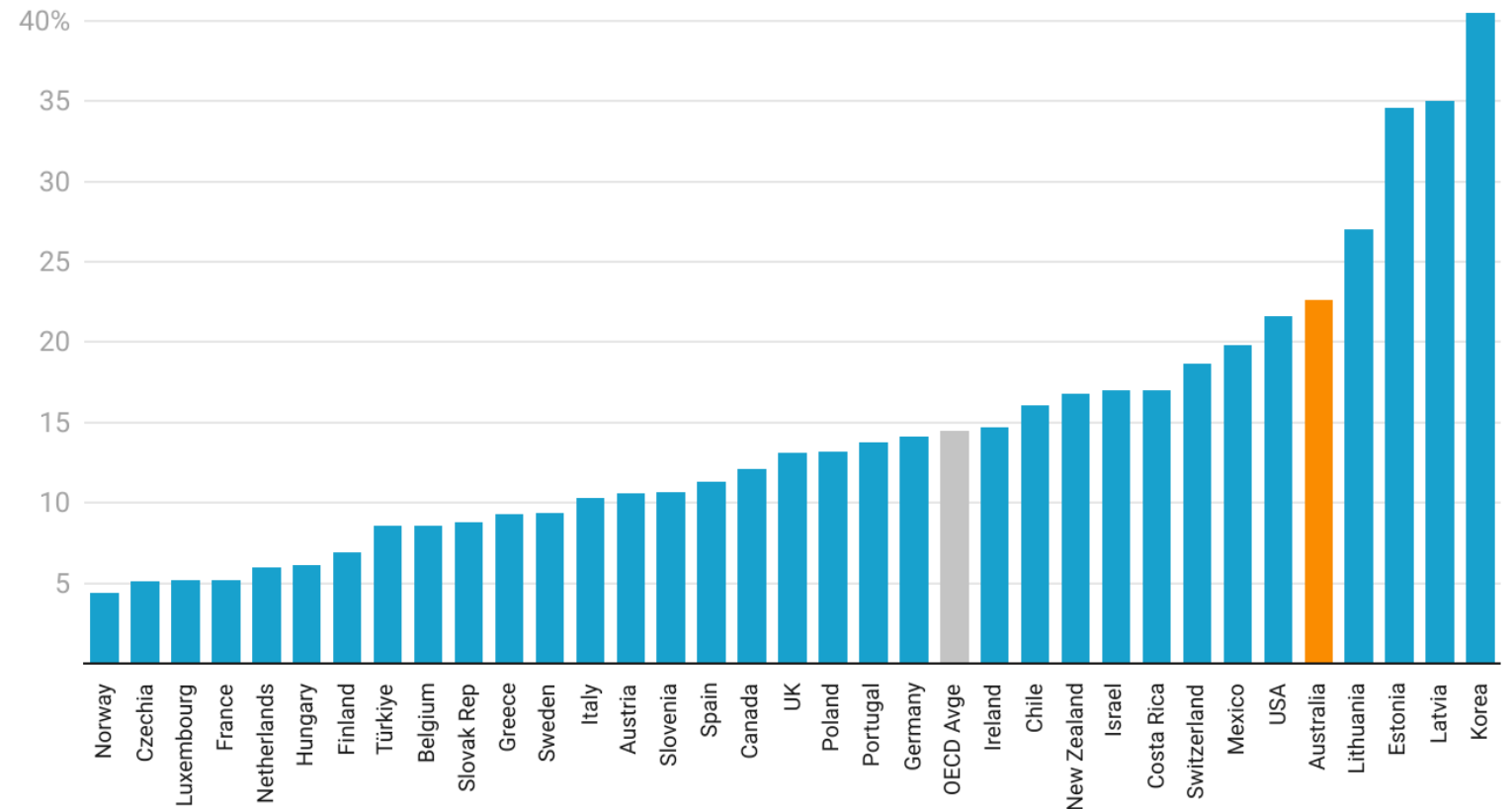
Provide the solution: Superannuation Discount

**Hurting people just saving
for their retirement?**

**No – a costly tax break
for those who will
never be eligible for
the pension**

And remember...

Poverty rate - people aged 65+ years



Source: OECD - Income distribution database (all figures for 2020)

Provide the solution: Fossil fuel subsidies

Aren't these needed for business?

No – a fraction of their profits

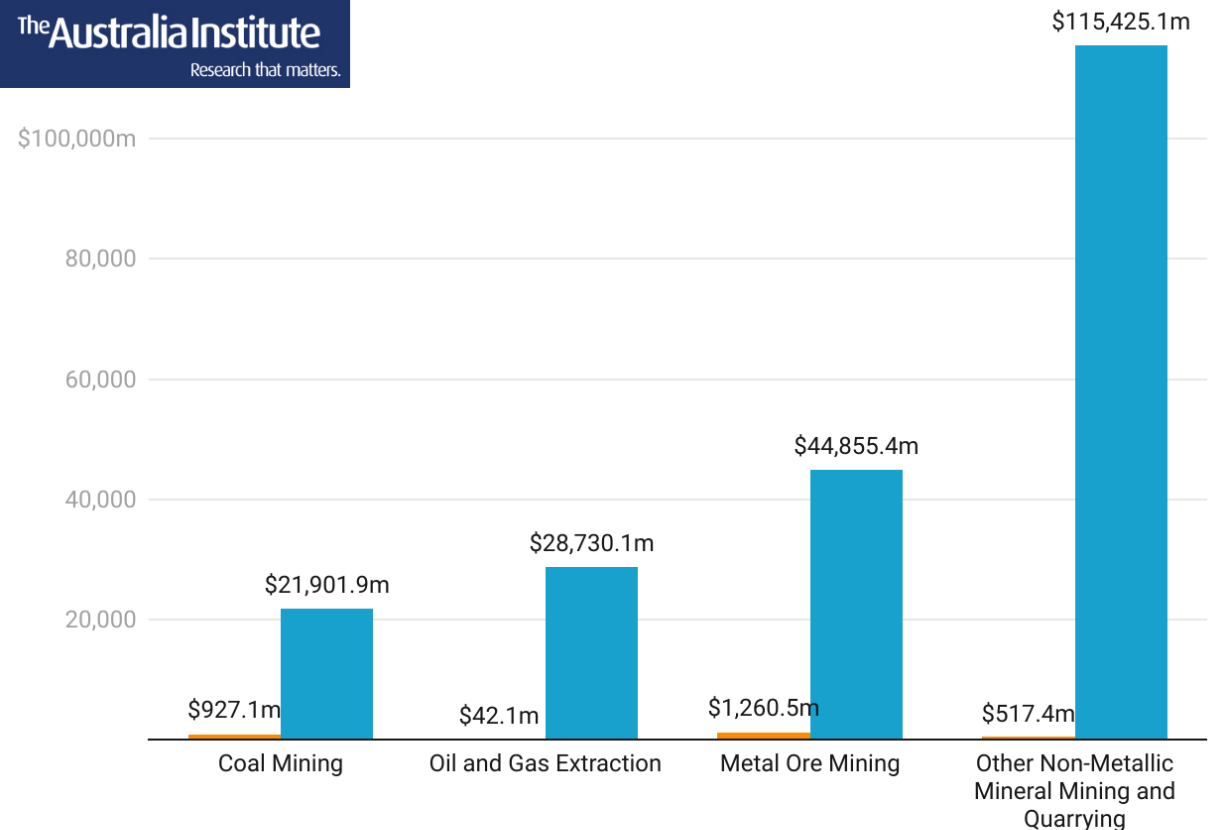
They subsidise the consumption of fossil fuels; AND fossil fuel producers themselves are key beneficiaries.

And don't take our word for it...

Despite huge profits, coal and gas still get a fuel tax credit

Fuel tax credit Profit

The Australia Institute
Research that matters.



Source: ATO Taxation statistics, Excise and fuel schemes, Table 4, Figures for 2021-22

Provide the solution: Fossil fuel subsidies

Aren't these needed for business?

No – a minute fraction of their profits

They subsidise the consumption of fossil fuels; AND fossil fuel producers themselves are key beneficiaries.

And don't take our word for it...



“Existing fuel tax credits are expensive and limit incentives to reduce fuel use.... Fuel taxes for on-road heavy vehicles should be brought in line with fuel taxes on other on-road vehicles such as cars and vans, and the government should consider reducing the generosity of fuel tax credits for off-road vehicles and machinery.”

Provide the solution: Taxing gas companies

Gas companies don't even pay a fair share of tax compared to other mining companies

Table 2. Estimated PRRT revenue by annual deductions cap, \$ billion

	2023-24	2024-25	2025-26	2026-27
90% cap (government's proposal)	\$0.5	\$0.6	\$0.8	\$0.5
80% cap	\$1.0	\$1.1	\$1.6	\$1.2
70% cap*	\$1.5	\$1.7	\$2.5	\$2.0
60% cap*	\$2.0	\$2.2	\$3.3	\$2.7

Note: * Source: Analysis of Treasury (2023) 2023-24 Budget Paper Number 2 and Parliamentary Budget Office (2023), Lowering the PRRT deductions cap

MEDIA RELEASE

Zero royalties charged on \$111 billion in WA gas sales

June 4, 2024 by Mark Ogge

Oil, gas 'systemic non-payers' of tax



Tom McIlroy
Political correspondent

The ATO has labelled 102 companies "systemic non-payers" of tax, [releasing new corporate transparency figures](#) that show a \$4 billion boom in receipts from the mining and energy sector.

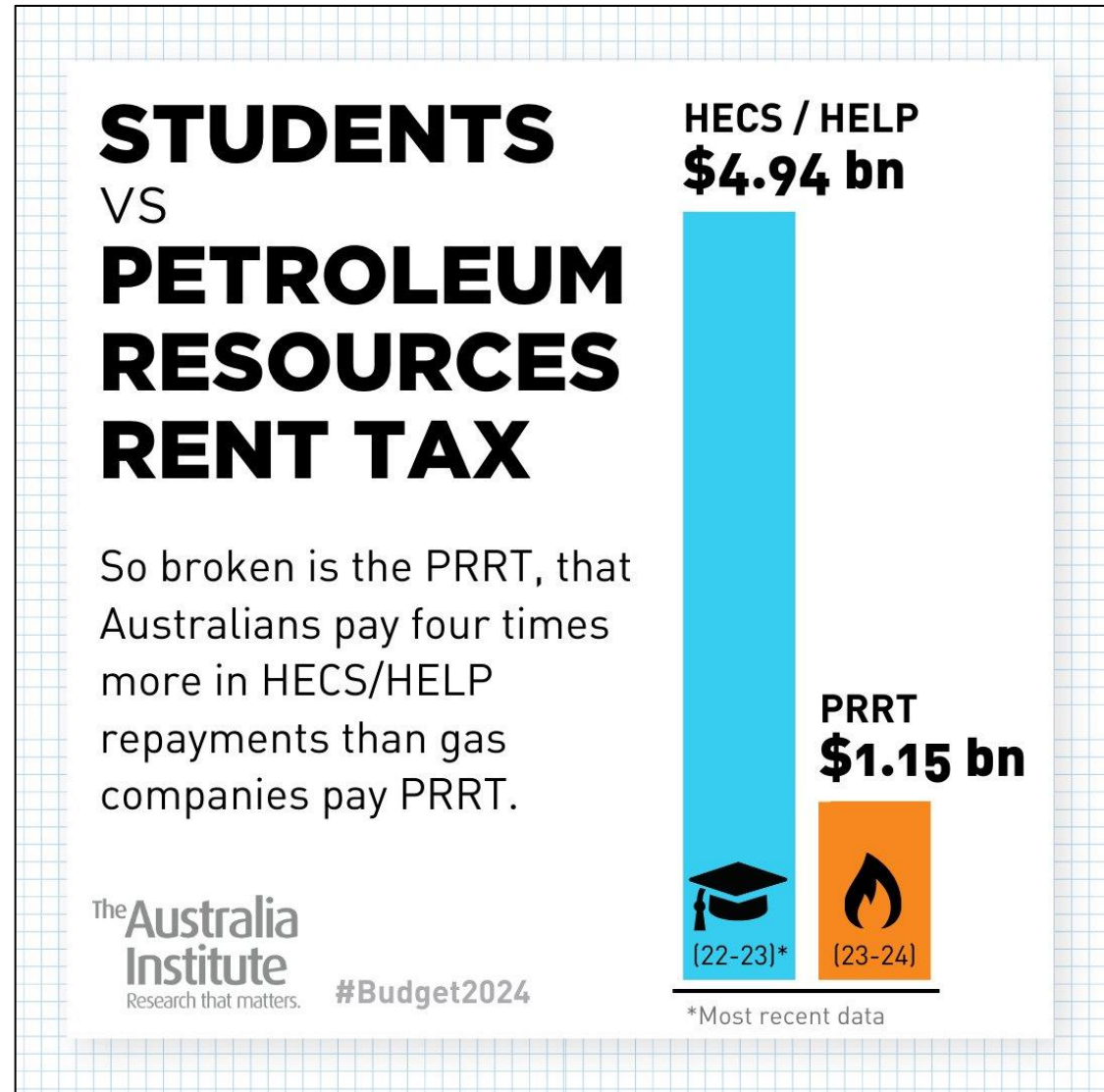
Australia's 2200 biggest corporate taxpayers paid a combined \$52.3 billion in income tax in 2017-18, representing 60 per cent of all corporate receipts and an overall increase of \$6.6 billion, driven primarily by strong commodity

Qatar produces only 50% more oil and gas than Australia but receives six times more government revenue from its oil and gas industry.

Provide the solution: Taxing gas companies

AND

Smokers, Uni grads, Spirits and Beer drinkers and people applying for Visas all pay more tax than gas companies do for PRRT!



Responses to arguments

- **What about the GST – we need to raise it?**

- The GST is regressive – it hurts low-middle income people.

BUT putting a GST on Private Health Insurance and Private Education is progressive
(estimated revenue in 2023-24 - \$9.5bn)

- **Tax rises are unpopular**

- Income tax rises are unpopular – but Stage 3 changes increased income tax.
- Public services are popular.

- **Productivity? Aspiration?**

- There is no link between less tax and more productivity, more wealth, more income – but there is with more poverty and less overall happiness in society

TAX IS GOOD – it is the price we pay to live in society

The Australia
Institute
Research that matters.

Thank You