

COMMUNITY ATTITUDES TOWARDS TAX REFORM

Research Report: June 2015



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REPORT PREPARED FOR



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DISCLAIMER

In preparing this report we have presented and interpreted information that we believe to be relevant for completing the agreed task in a professional manner. It is important to understand that we have sought to ensure the accuracy of all the information incorporated into this report.

Where we have made assumptions as a part of interpreting the data incorporated in this report, we have sought to make those assumptions clear. Similarly, we have sought to make clear where we are expressing our professional opinion rather than reporting findings. Please ensure that you take these assumptions into account when using this report as the basis for any decision-making. The qualitative research findings included throughout this report should not be considered statistically representative and cannot be extrapolated to the general population.

This project was conducted in accordance with AS: ISO20252:2012 guidelines, to which Newgate Research is accredited.
Project reference number: NGR 1503003.



EXECUTIVE SUMMARY

Key findings



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BROAD ATTITUDES TO THE TAX SYSTEM, PROPERTY TAXES AND STAMP DUTY

There is a strong belief that the tax system needs to be reformed to become fairer and simpler.

- Virtually all Australians (92%) believe it is important that the tax system is reformed or changed with 55% believing it is “extremely” or “very important”.
- The strong desire for tax reform is underpinned by a common belief that the system is currently unfair, with 59% of Australians believing it is unfair and only 41% believing it is fair.
- 75% also believe it is “extremely” or “very important” to make the tax system fairer; and
- 67% believe it is “extremely” or “very important” to make the tax system simpler.

Housing affordability is a major community concern and Australians want tax reform to address the issue.

- Almost two thirds (63%) of Australians are “extremely” or “very concerned” about housing affordability. It is seen as a more important issue than government debt, the aging population or the end of the mining boom and 70% believe it is “extremely” or “very important” for the government to take action on the issue.

- Almost three-quarters (71%) of the community feel that the level of tax on people’s homes is too high.
- 58% believe it is “extremely” or “very important” for the Government to reduce the level of tax on people’s homes and surprisingly it is also considered a higher priority than reducing the rate of personal income tax.

Stamp duty is considered the most unfair of all taxes examined and most Australians want it abolished.

- Around three quarters (78%) of Australians believe stamp duty is unfair (after it was outlined to them) and it is considered more unfair than a range of other taxes including personal tax, the GST and corporate tax.
- Three-quarters of Australians (75%) agree that stamp duty is driving up home prices and making it unaffordable for young people to own their own home. Three quarters (75%) also agree that it is a blatant “cash-grab” by state Governments.
- Over two-thirds (68%) of Australians have been personally affected by stamp duty and around half (54%) agree that it has made it harder for them to afford a home.
- Over two thirds of the community (70%) support the idea of abolishing stamp duty.



ATTITUDES TO THE GST

The GST is seen as the fairest of all current taxes and most believe it is inevitable that it will rise.

- Two-thirds of Australians (65%) consider the GST to be fair (after it was outlined to them) while only around a third (35%) believe it is an unfair tax.
- Most Australians (72%) believe the GST will “definitely” or “probably will” rise in the next 10 years and only 8% believe it “definitely” or “probably won’t” in this time period.
- 62% of Australians agree the GST is better than other taxes because it is simple and can’t be dodged (only 15% disagree); and
- 54% agree that it is better than other taxes because you can control how much you pay by how much you spend (only 21% disagree).



SUPPORT FOR SPECIFIC TAX REFORMS

Australians are most likely to support tax reforms that abolish stamp duty in exchange for increasing the current form of the GST to 12.5% or removing current GST exemptions.

- Almost half (47%) of Australians support abolishing stamp duty in exchange for removing current GST exemptions: a further 21% are undecided and only 32% oppose this reform proposal.
- A similar proportion (46%) support abolishing stamp duty in exchange for keeping GST exemptions in place and increasing the GST to 12.5%: 22% are undecided on this proposal and only 32% oppose it.
- Reforms with limited support (as trade-offs for abolishing stamp duty) include:
 - Increasing the GST to 15% (30% support and 48% oppose this); and
 - Introducing a broad-based land tax (28% support and 39% oppose this).



INTRODUCTION



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RESEARCH METHODOLOGY

Results presented in this report are based on an online quantitative survey of 1,957 respondents across Australia. All respondents were aged over 18 years and were eligible to vote. The survey was conducted between the 28th of May and 4th of June, 2015. Fieldwork was conducted by Lightspeed GMI with respondents drawn from a professional market research panel.

The overall sample size is associated with a maximum margin of error of +/-2.3% at the 95% confidence level. This means, for example, that if the survey returns a result of 50%, there will be a 95% chance that the actual result will be between 47.7% and 52.3%.

We also set quotas on location to enable robust reporting of results within specific states. The sample sizes for each state and their associated sample sizes are shown in the table to the right.

Sample quotas for age and gender were also set and these were based on population data from the Australian Bureau of Statistics' Census 2011. The data was also weighted to ensure that the results are representative of the Australian population by age, gender and location. The results can therefore be extrapolated to represent the view of all Australians. All results presented are weighted unless specified otherwise and further data on the sample is provided in the appendix to this report.

State	Sample size (unweighted)	Margin of error (95% confidence interval)
New South Wales	423	+/- 4.8%
Victoria	431	+/- 4.8%
Queensland	324	+/- 5.5%
South Australia	311	+/- 5.6%
Western Australia	336	+/- 5.4%
Other	132	+/- 8.6%
Total	1,957	+/- 2.3%

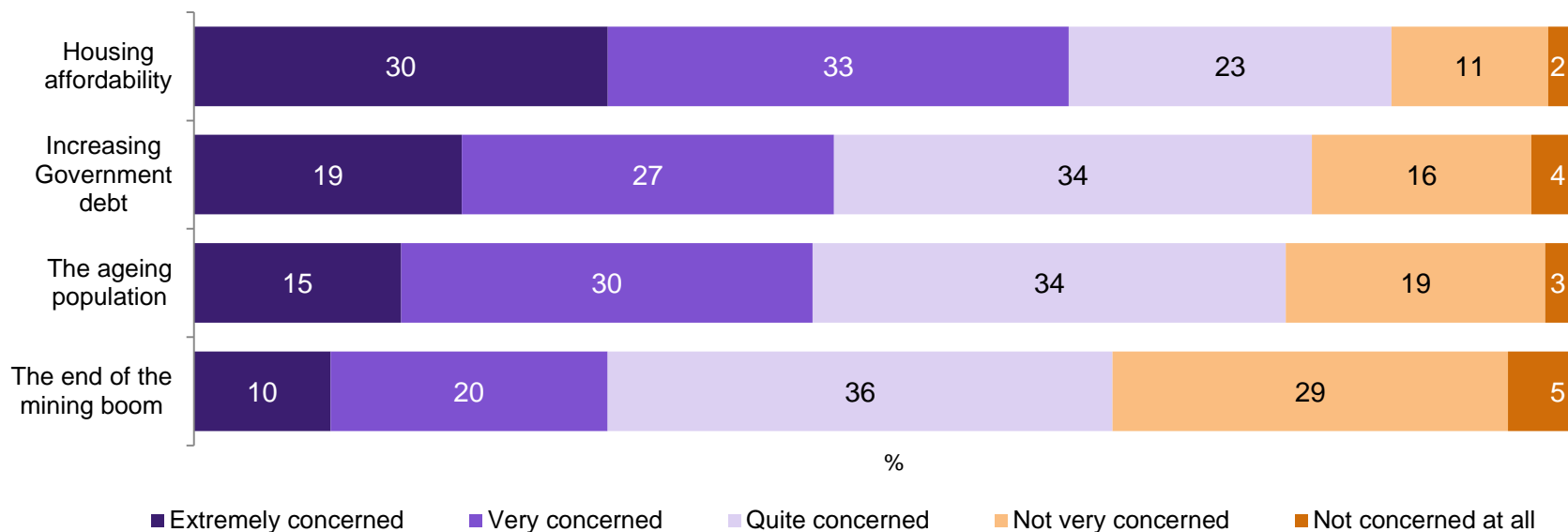
ATTITUDES TO THE TAX SYSTEM IN THE CONTEXT OF COMMUNITY CONCERNS



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HOUSING AFFORDABILITY IS THE COMMUNITY'S MAIN CONCERN AMONGST A RANGE OF LONG-TERM CHALLENGES FACING THE NATION

Concern about national challenges (%)



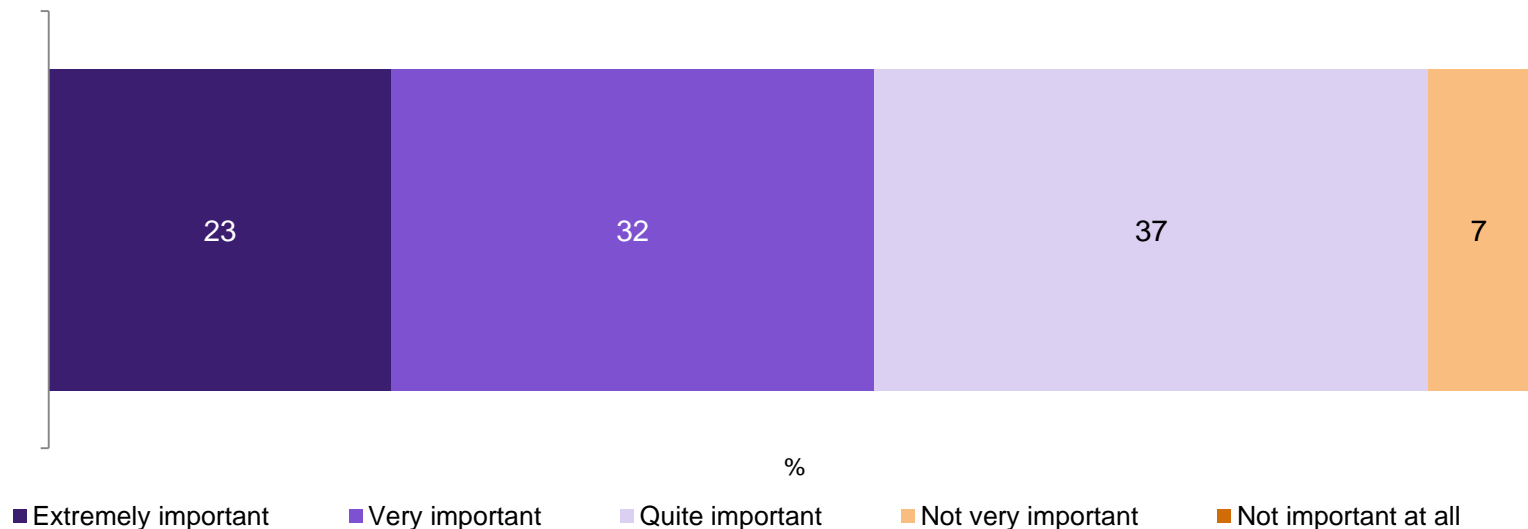
- We began the survey with a broad question to determine how concerned Australians are with a range of long-term challenges facing the nation. Results show that the housing affordability is significantly more concerning than increasing Government debt, the ageing population or the end of the mining boom.
- The vast majority (86%) of Australians are concerned about housing affordability to some degree with nearly two thirds (63%) either “extremely concerned” or “very concerned” about it.

Base: All respondents (n=1,957).

Qu1: How concerned are you about the following challenges that Australia faces?

VIRTUALLY ALL AUSTRALIANS (92%) ALSO BELIEVE IT IS IMPORTANT THAT THE TAX SYSTEM IS REFORMED OR CHANGED

Importance of reforming Australia's tax system (%)



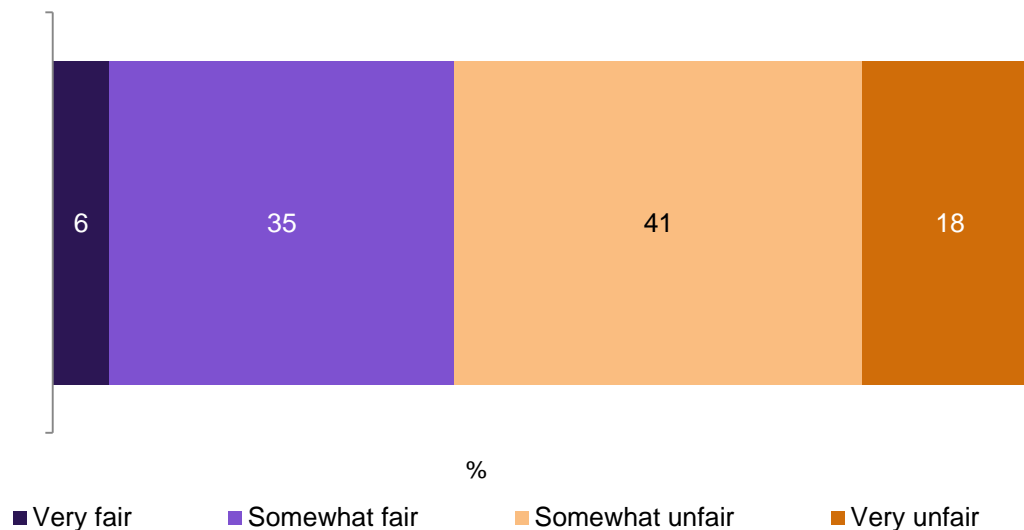
- Over a half (55%) believe that tax reform is “extremely important” or “very important” while only 8% believe it is “not very important” or “not important at all”.

Base: All respondents (n=1,957).

Qu4: And how important do you think it is for Australia's tax system to be reformed or changed?

THE DESIRE FOR TAX REFORM IS UNDERPINNED BY A COMMON BELIEF THAT THE SYSTEM IS CURRENTLY UNFAIR

Attitudes towards Australia's tax system (%)



Total fair	Total unfair	Net fair
41	59	-18

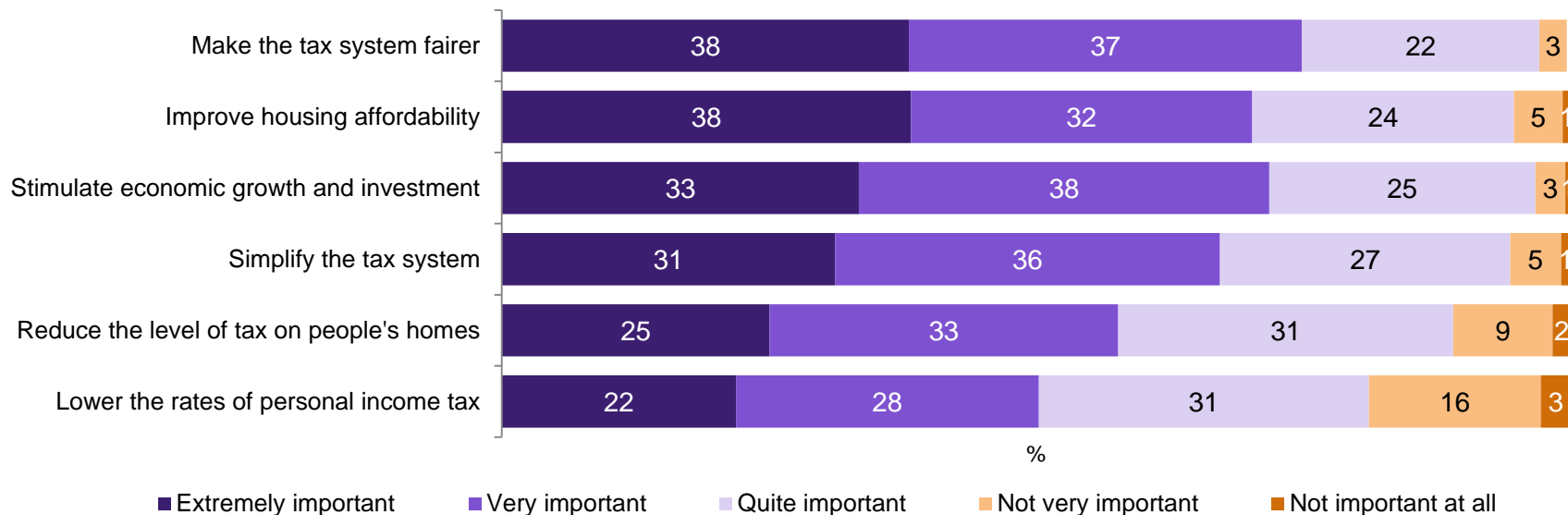
- 59% of Australians believe the tax system is unfair and only 6% believe it is “very fair”.

Base: All respondents (n=1,957).

Qu 2: At an overall level, do you think Australia's tax system is currently?

MOST AUSTRALIANS BELIEVE IT IS IMPORTANT FOR THE GOVERNMENT TO MAKE THE TAX SYSTEM FAIRER AND SIMPLER

Importance of reforming Australia's tax system (%)



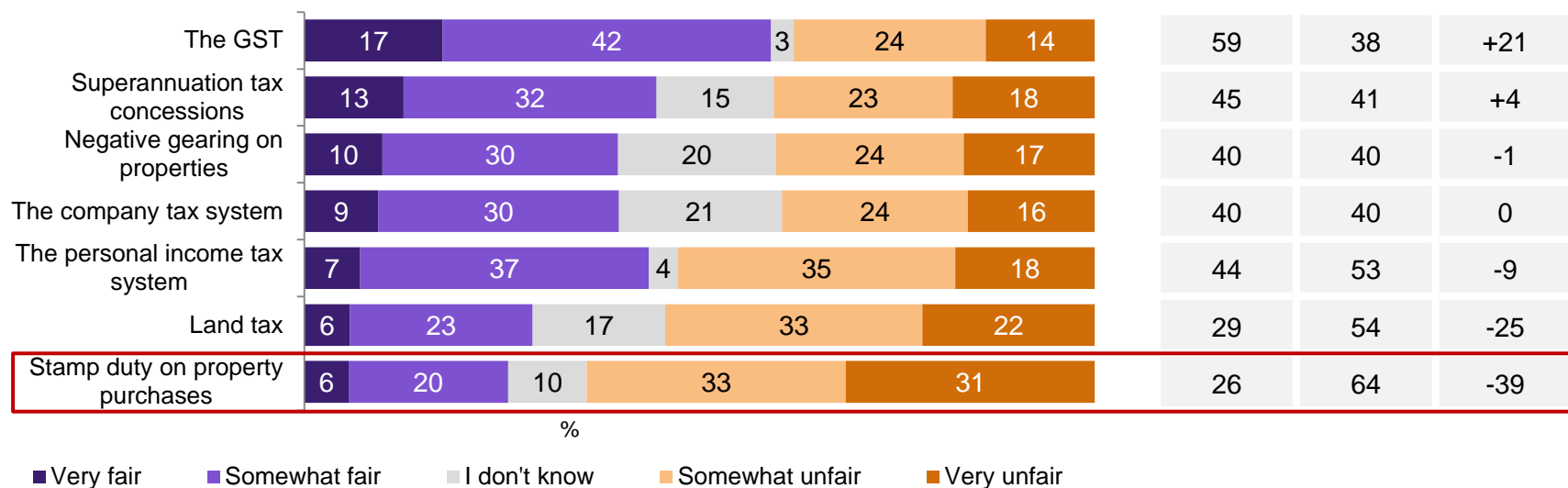
- Improving housing affordability and stimulating the economy are other tax-related issues on which the community wants the Government to take action.
- Most (89%) also believe it is important for the Government to reduce the level of tax on people's homes and surprisingly this reform is considered more important than reducing rates of personal income tax (81% believe this is important).

Base: All respondents (n=1,957).

Qu5: How important is it for the Government to take the follow actions?

THE GST IS CONSIDERED THE FAIREST FORM OF TAX WHILE STAMP DUTY AND LAND TAX ARE CONSIDERED THE MOST UNFAIR

Fairness of current taxes and tax arrangements in Australia (%)
Unprompted attitudes without explanation of each tax



- Around two thirds (64%) of Australians believe stamp duty is unfair while only around a quarter (26%) believe it is fair.
- Only 40% of the community believes that negative gearing is unfair and this figure is comparable or lower than the perceived fairness of the other taxes and tax arrangements we evaluated.

Base: All respondents (n=1,957).

Qu 3: The following are a series of current taxes and tax arrangements in Australia. How fair do you think each of them are in their current form?

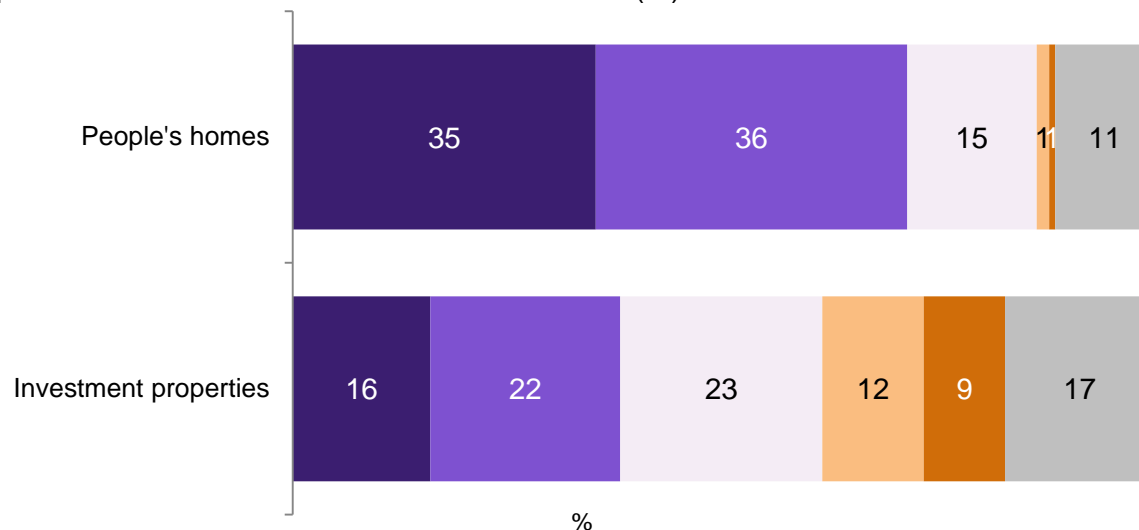
ATTITUDES TO STAMP DUTY AND OTHER PROPERTY TAXES



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ALMOST THREE-QUARTERS (71%) OF AUSTRALIANS BELIEVE THE LEVEL OF TAX ON PEOPLE'S HOMES IS TOO HIGH

Perceptions of the current level of tax in Australia on... (%)



Total too high	Total too low	Net level
71	2	+69
38	21	17

■ Far too high ■ A little too high ■ About right ■ A little too low ■ Far too low ■ I don't know

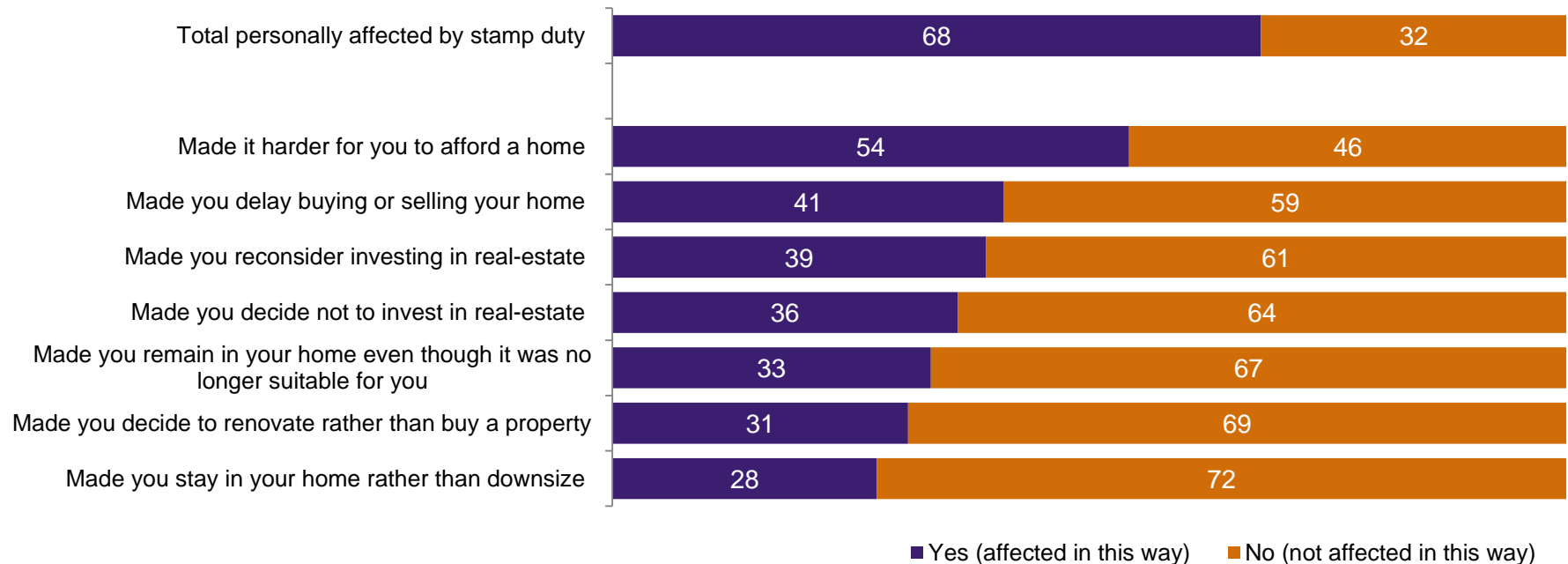
- Australians are also considerably more likely to believe that the level of tax on investment properties is too high (38%) rather than too low (21%).

Base: All respondents (n=1,957).

Qu 6: How do you feel about the current level of tax (including stamp duty, land tax and council rates) on people's homes and investment properties?

OVER TWO-THIRDS (68%) OF AUSTRALIANS HAVE BEEN PERSONALLY AFFECTED BY STAMP DUTY AND IT HAS MADE IT HARDER FOR AROUND HALF (54%) TO AFFORD A HOME

Personal affects of stamp duty (%)

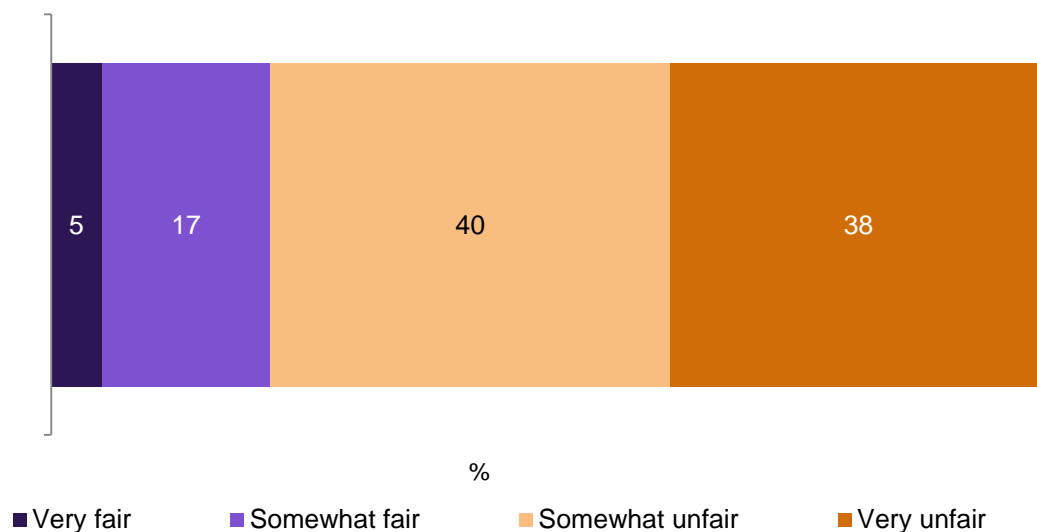


Base: All respondents (n=1,957).

Q16: Has stamp duty ever affected you personally in any of the following ways?

AROUND THREE QUARTERS (78%) OF AUSTRALIANS BELIEVE STAMP DUTY IS UNFAIR

Attitudes towards stamp duty (%)
Prompted attitudes after the details of the tax are explained



Total fair	Total unfair	Net fair
22	78	-56

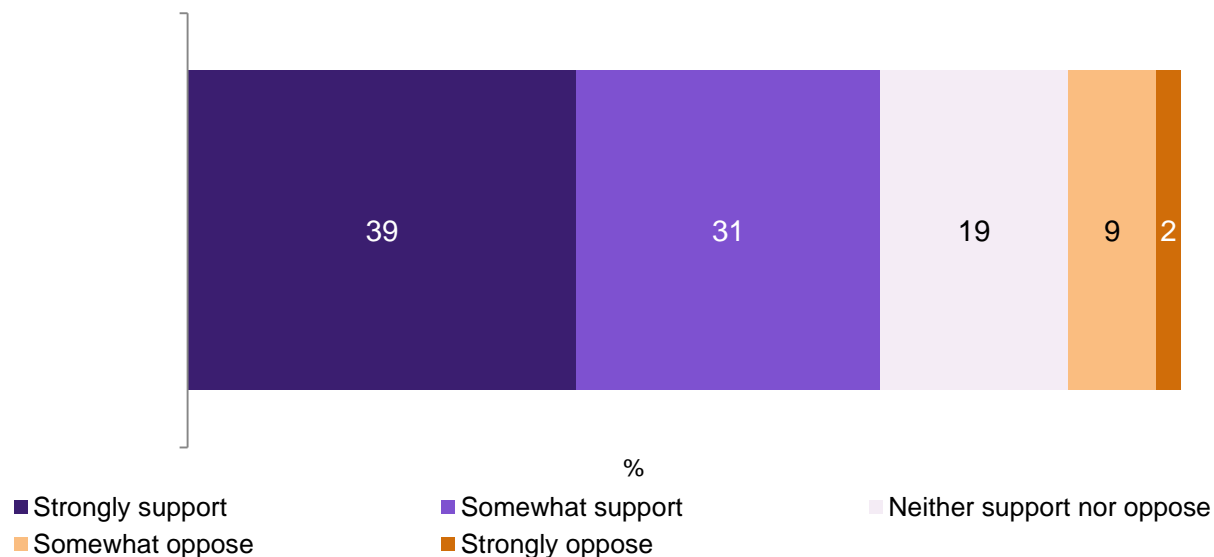
- Less than a quarter (22%) believe stamp duty is a fair tax after it was outlined to them.

Base: All respondents (n=1,957).

Qu 7: To buy an average home in most Australia's capital cities you currently have to pay stamp duty of 3%-5% of the purchase price to the State Government (or between \$20,000 and \$35,000 depending on the State). Do you think that stamp duty is...

OVER TWO THIRDS OF THE COMMUNITY (70%) SUPPORT THE IDEA OF ABOLISHING STAMP DUTY

Support for abolishing stamp duty (%)



Total support	Total oppose	Net support
70	11	+58

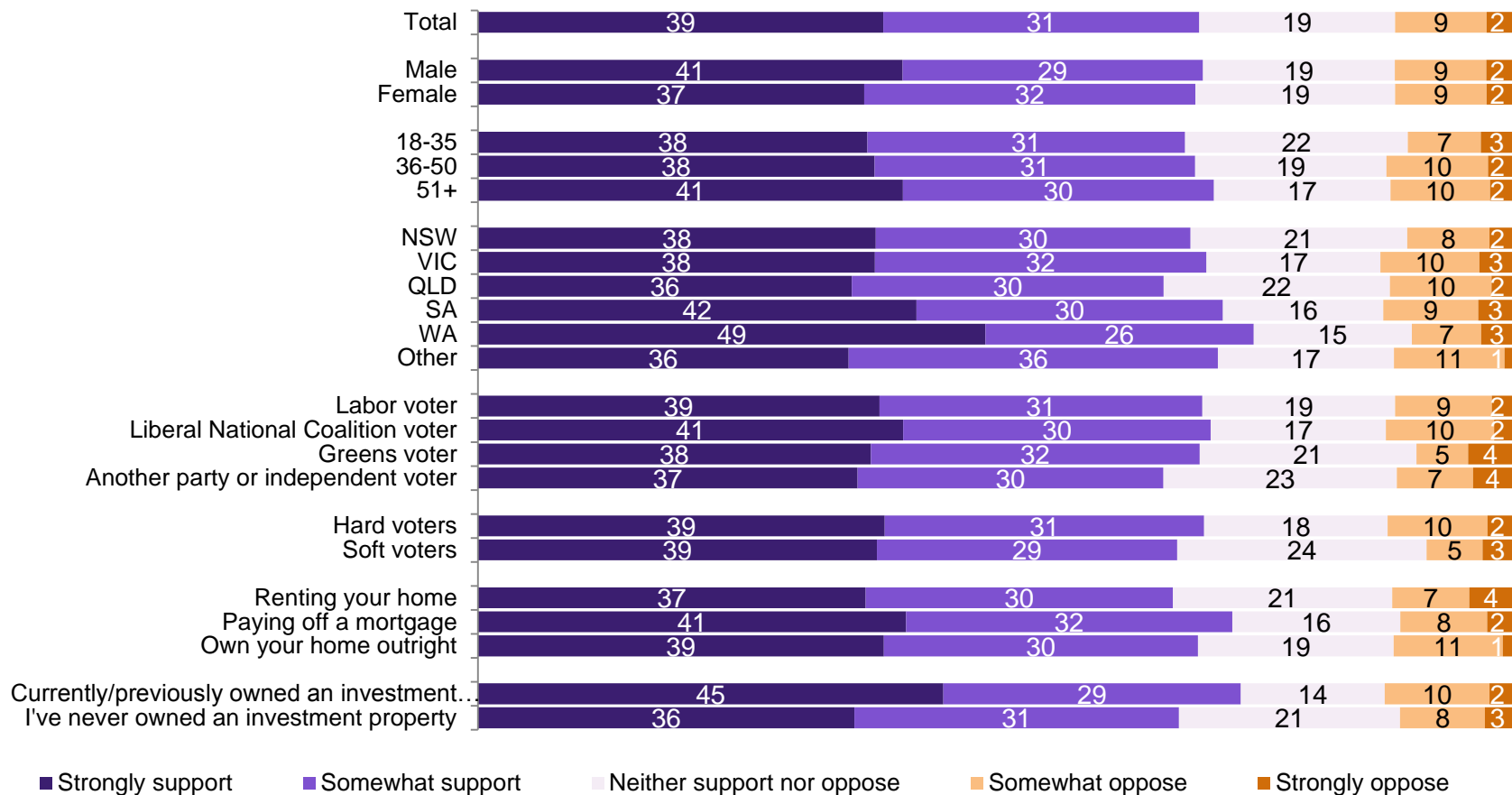
- Only around one in ten (11%) are opposed to the idea of abolishing stamp duty.

Base: All respondents (n=1,957).

Qu 8: To what extent do you support or oppose the idea of stamp duty being abolished?

THERE IS WIDESPREAD SUPPORT FOR ABOLISHING STAMP DUTY, PARTICULARLY WITHIN WESTERN AUSTRALIA

Support for abolishing stamp duty (%)



Base: All respondents (n=1,957).

Qu 8: To what extent do you support or oppose the idea of stamp duty being abolished?

ATTITUDES TO THE GST AND TAX REFORM TRADE-OFFS

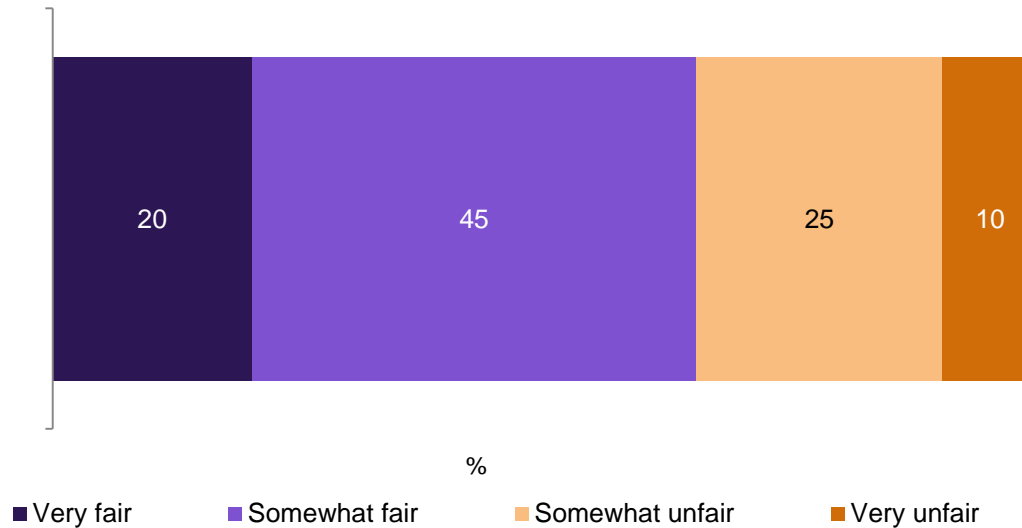


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TWO-THIRDS OF AUSTRALIANS (65%) CONSIDER THE GST TO BE FAIR WHILE ONLY AROUND A THIRD (35%) BELIEVE IT IS UNFAIR

Perceptions of the GST (%)

Prompted attitudes after the tax is explained



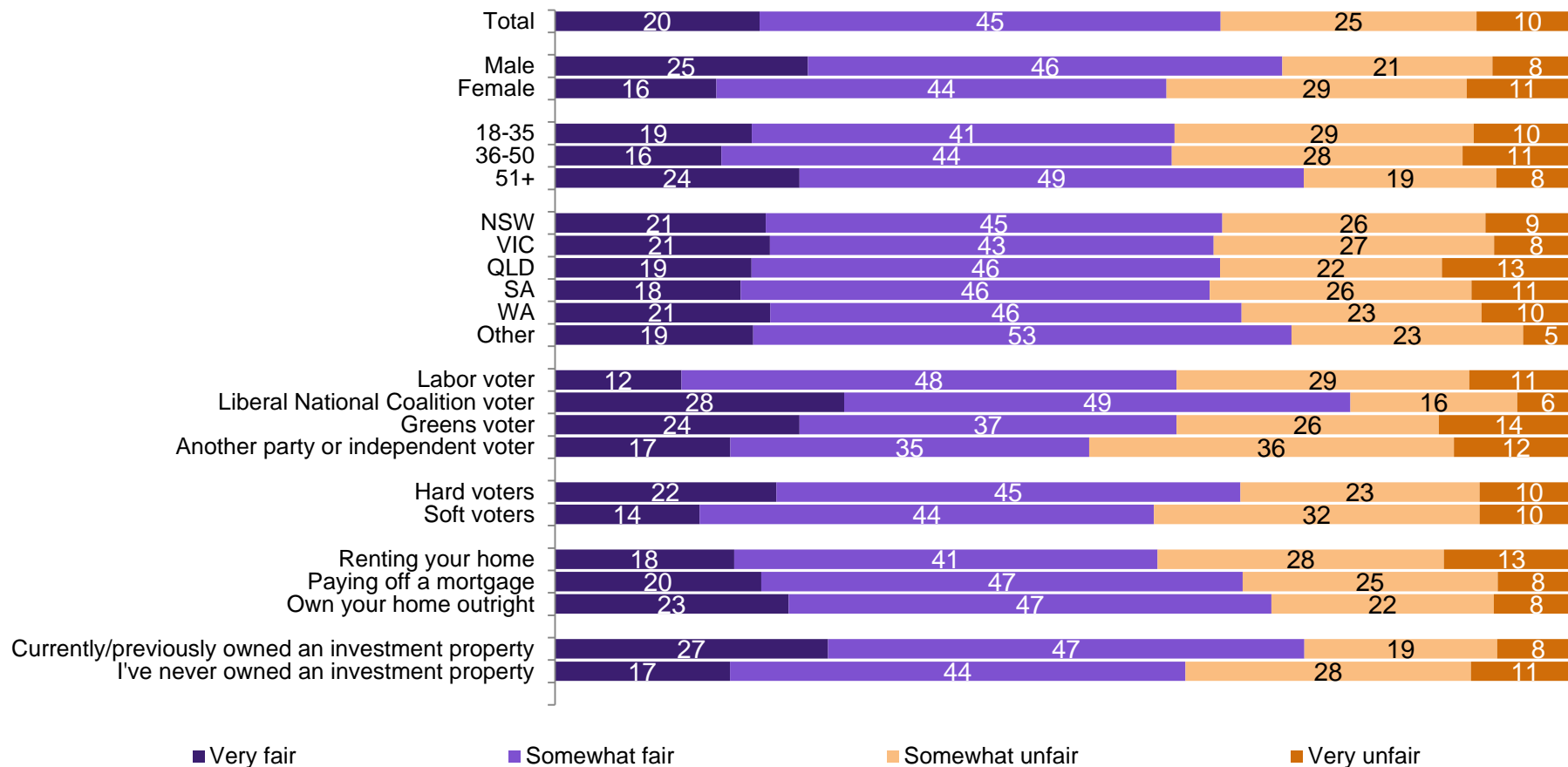
Total fair	Total unfair	Net fair
65	35	31

Base: All respondents (n=1,957).

Qu 9: The current GST (Goods and Services Tax) of 10% is applied to most goods and services people buy in Australia (except for basic food, health and education). Do you think the GST in its current form is...

THE BELIEF THAT THE GST IS FAIR IS WIDESPREAD ACROSS THE NATION

Perceptions of the GST (%)

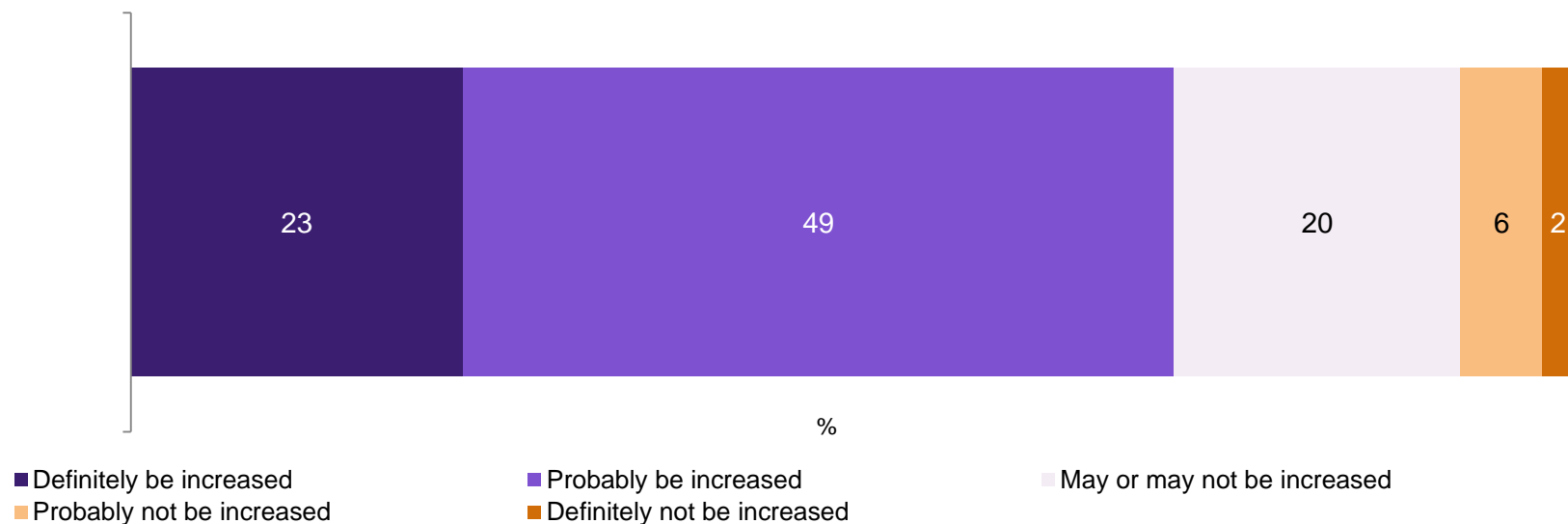


Base: All respondents (n=1,957).

Qu 9: The current GST (Goods and Services Tax) of 10% is applied to most goods and services people buy in Australia (except for basic food, health and education). Do you think the GST in its current form is...

MOST AUSTRALIANS BELIEVE IT IS INEVITABLE THAT THE GST WILL BE INCREASED WITHIN THE NEXT 10 YEARS

Expectations of the GST rate in the future (%)



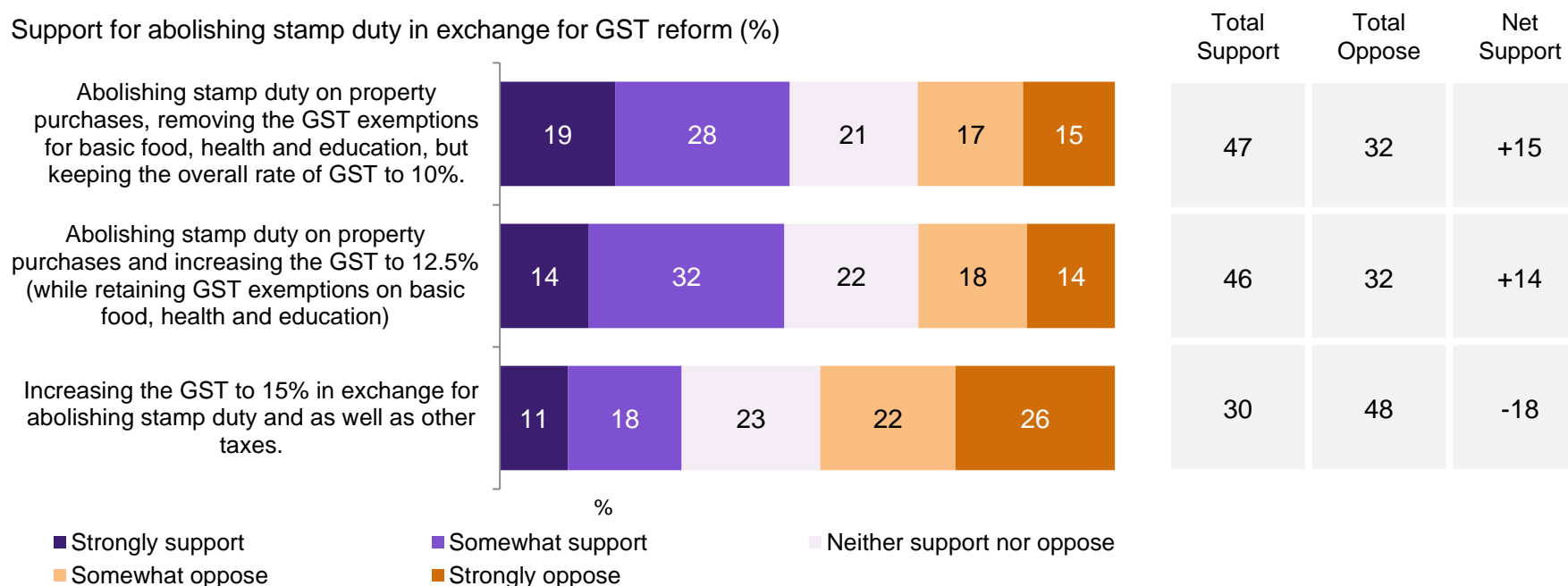
- 72% of Australians think the GST will definitely or probably be increased in the next 10 years while only 8% believe it probably or definitely won't.

Base: All respondents (n=1,957).

Qu 10: Within the next ten years do you think that the current rate of GST of 10% will.....

AUSTRALIANS ARE MOST LIKELY TO SUPPORT TAX REFORMS THAT ABOLISH STAMP DUTY IN EXCHANGE FOR BROADENING THE GST OR INCREASING IT TO 12.5%

Support for abolishing stamp duty in exchange for GST reform (%)



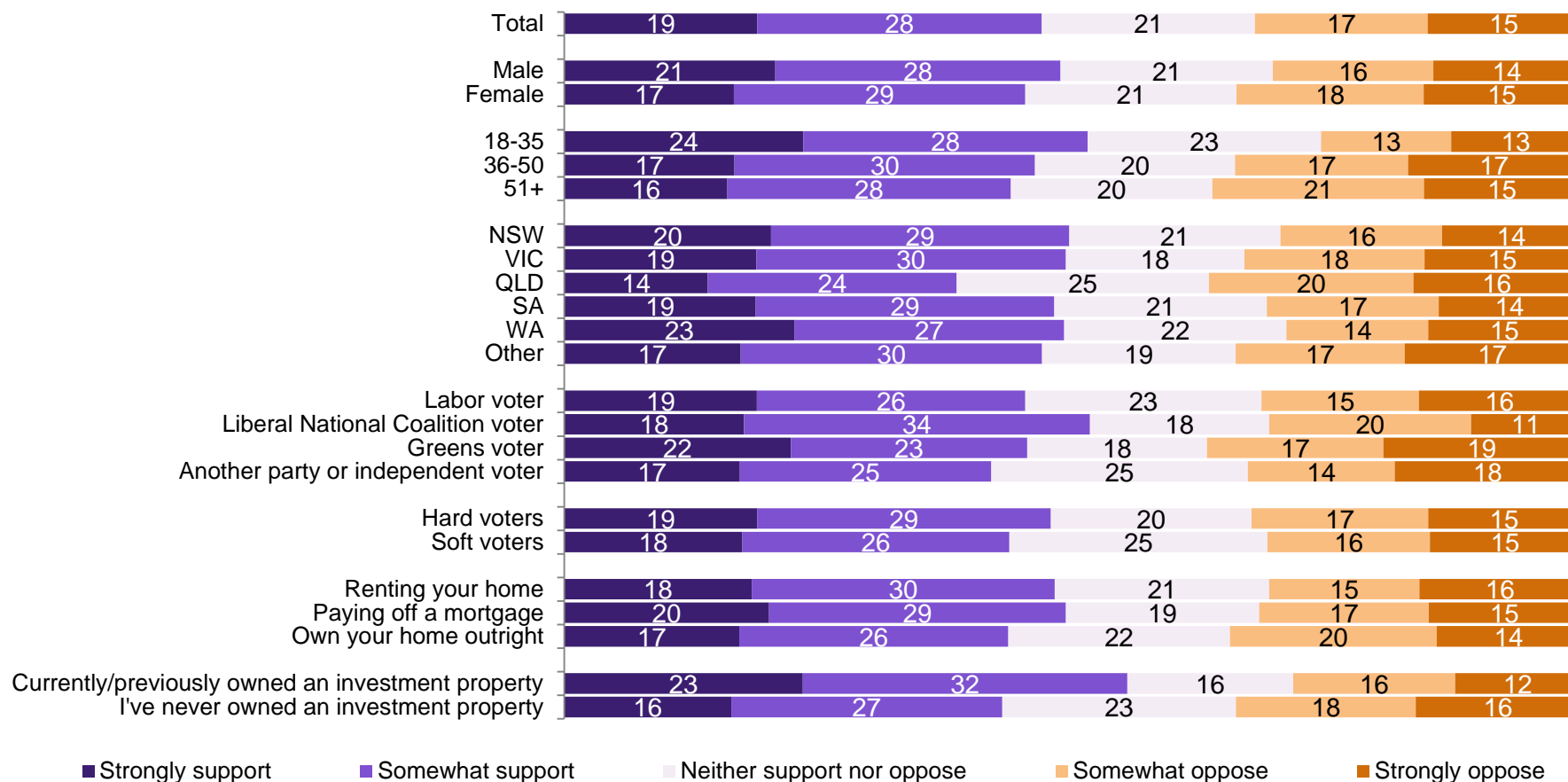
- Almost half (47%) of Australians support abolishing stamp duty and removing current GST exemptions. A further 21% are undecided and only 32% oppose this reform.
- A similar proportion (46%) support abolishing stamp duty, keeping exemptions in place and increasing the GST to 12.5%, while 32% also oppose this idea. However previous qualitative results suggest that keeping exemptions was important and that this option could be more vulnerable to a negative campaign.

Base: All respondents (n=1,957).

Qu 11: The Government currently collects tax revenue from the GST as well as a number of other state taxes including stamp duty when people buy properties, and other taxes that apply when people purchase their cars, pay for insurance or pay for parking. Some people believe the tax system should be simplified by removing stamp duty and increasing the GST. Do you support or oppose the following tax reforms?

SUPPORT FOR ABOLISHING STAMP DUTY IN EXCHANGE FOR REMOVING GST EXEMPTIONS IS CONSISTENT ACROSS ALL WALKS OF LIFE

Support for abolishing stamp duty and removing GST exemptions and keeping it at 10% (%)

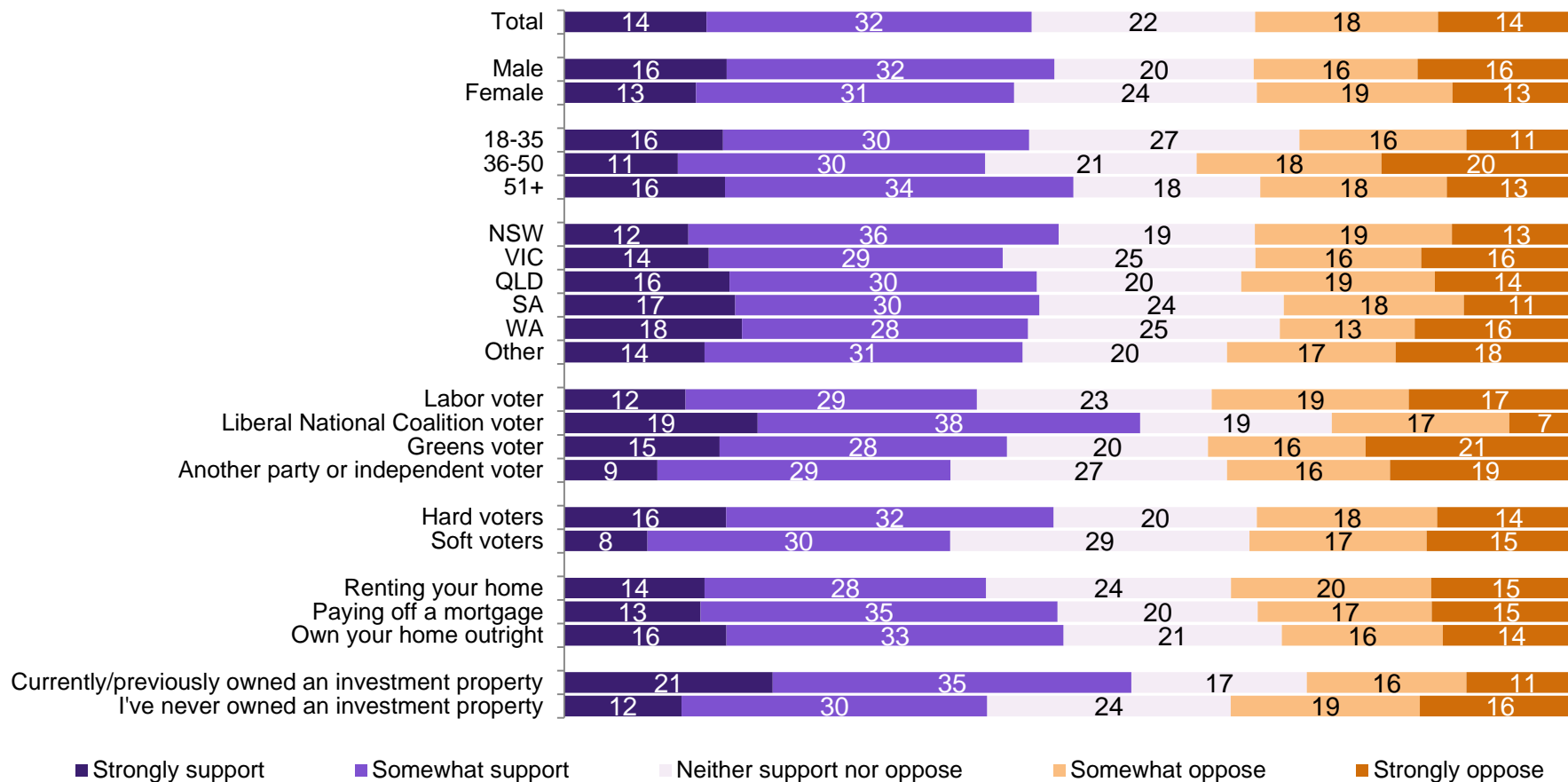


Base: All respondents (n=1,957).

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THERE IS NATIONWIDE SUPPORT FOR ABOLISHING STAMP DUTY AND INCREASING THE GST TO 12.5%

Support for abolishing stamp duty and increasing GST to 12.5% (%)

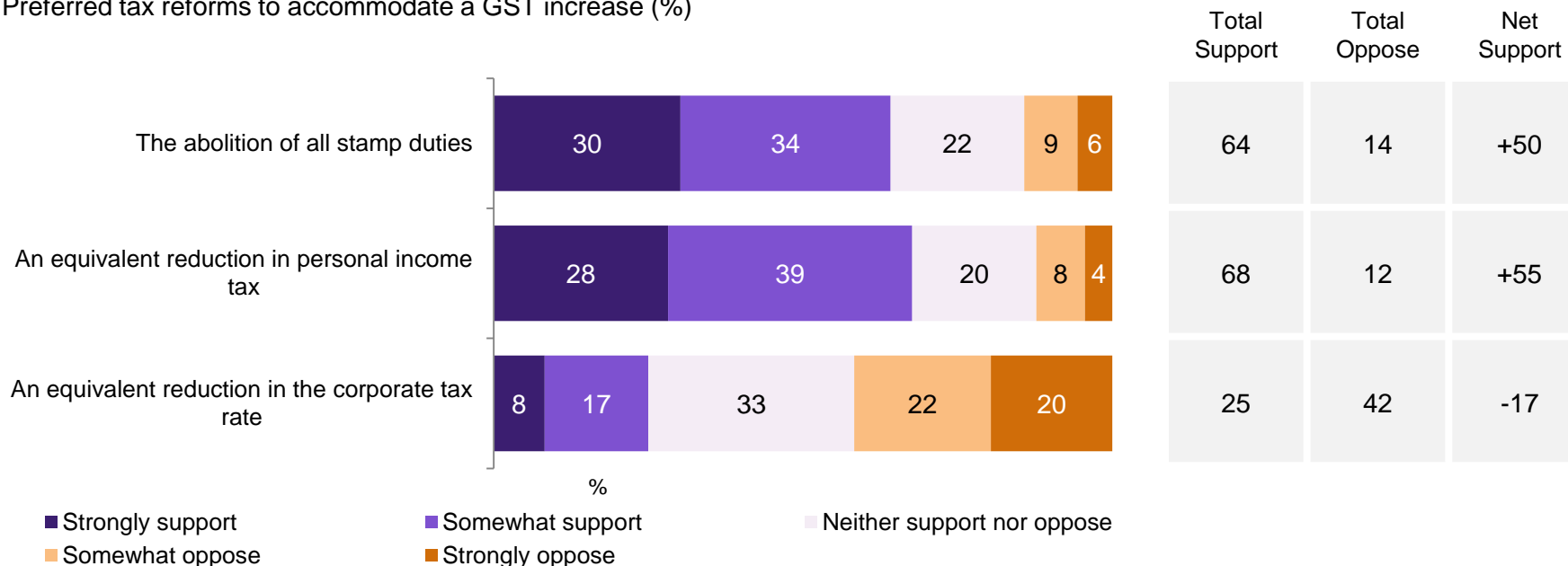


Base: All respondents (n=1,957).

Qu 11: The Government currently collects tax revenue from the GST as well as a number of other state taxes including stamp duty when people buy properties, and other taxes that apply when people purchase their cars, pay for insurance or pay for parking. Some people believe the tax system should be simplified by removing stamp duty and increasing the GST. Do you support or oppose the following tax reforms?

AROUND TWO THIRDS OF RESPONDENTS WOULD SUPPORT THE ABOLITION OF STAMP DUTY IF THE GOVERNMENT WAS TO INCREASE THE GST TO 12.5%

Preferred tax reforms to accommodate a GST increase (%)



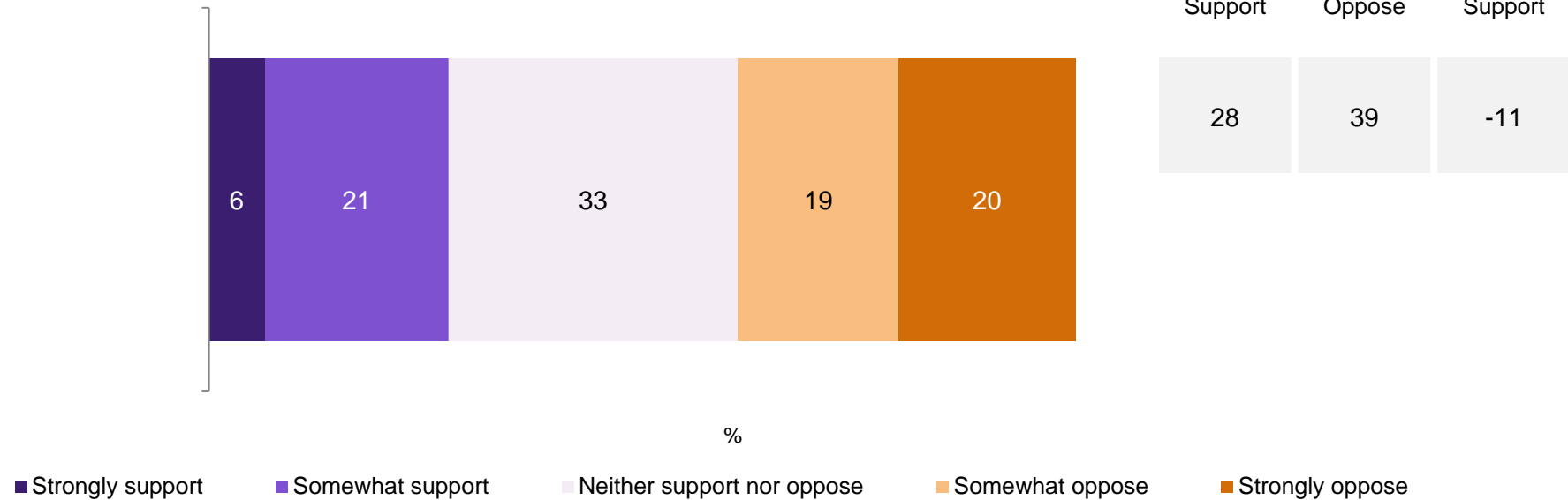
- There was a similar level of support for an equivalent reduction in personal income tax.

Base: All respondents (n=1,957).

Qu 12: If the Government was to increase GST from 10% to 12.5% which, if any, of the following tax reforms would you support in exchange for this GST increase?

SUPPORT FOR A BROAD-BASED LAND TAX IS QUITE LOW WITH ONLY AROUND A QUARTER OF AUSTRALIANS (28%) SUPPORTIVE OF IT REPLACING STAMP DUTY

Support for a broad-based land tax in place of stamp duty (%)



- Around two in five Australians (39%) oppose this reform while a third (33%) are undecided on the issue.

Base: All respondents (n=1,957).

Qu 17: Some people have suggested that a broad-based land tax on all properties could be introduced in exchange for abolishing stamp duty paid on property purchases. The land tax could be around \$500 a year and based on the land value of a property. Do you support or oppose the idea of replacing stamp duties with a broad-based annual land tax?



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