

## Big Issues survey 2016 comments

### Budget repair comments from respondents

#### **Given you answered somewhat/very important, what should be the priorities in repairing the Federal Budget?**

For Question 3, respondents were given the option of selecting “other” and listing an alternative priority to repairing the Federal Budget than the options CEDA listed. There were 166 respondents who selected this option and their suggestions included taxation, housing, government efficiencies, federal and state issues, carbon taxation and infrastructure.

#### **Taxation**

The majority of respondents (24 per cent) who selected an “other” measure listed a form of taxation or other reform. The responses fell into a wide range of categories.

A large number of respondents wanted to see that local companies and individuals are not evading tax, and the removal of loopholes for tax evasion from big business. Digital disruptions (such as Uber) were also highlighted as companies that evade paying the same tax rates as physical companies. A large number of respondents wanted to see the removal of tax cuts for big business, or an increase in corporate tax. Conversely, a number of respondents also suggested lowering the corporate tax rate.

A number of respondents suggested broadening the GST base, or a broad based financial transaction tax with no exemptions. Suggestions also included a sugar tax on unhealthy food (for example soft drink and chocolate).

There were also numerous suggestions about broad taxation reforms including simplifying/modernising the tax system, reforming capital gains tax concessions, addressing bracket creep, road user charges versus fuel excise, payroll tax and others.

Examples of these responses included:

- > Ensuring equity in the taxation mix by cutting off the "sneaky" exemptions by redefining the definitions of "avoidance" and "evasion";
- > Taxing the very rich individuals and companies - luxury tax, and stopping tax avoidance;
- > Increase in effective company tax rate for large enterprises;
- > Implementing the recommendations of the Henry Tax Review; and
- > Lowering corporate and income tax.

## Housing

A large number of survey respondents who selected “other” (19 per cent) mentioned reforms around housing as a key area in repairing the Federal Budget. The overwhelming majority of responses in this category stated that negative gearing needed addressing, revising or being abolished altogether.

For those that elaborated on their comment, this reform was in-line with comments throughout this section to restrict the transfer of “wealth to the wealthy”.

One respondent suggested providing incentives for property repairs and improvements in order to keep ageing rental stock in good condition, but taking away deductibility of mortgage payments.

Other suggestions that fell under the umbrella of “housing” included reforming stamp duty for house purchasing, and to include the family home in means testing.

Examples of these responses included:

- > Revising negative gearing;
- > Including the family home in means tests, especially for the pension
- > Reforming the tax system e.g., negative gearing and other policies that transfer wealth to the wealthy rather than redistribute it to those who need it;
- > Addressing overly generous negative gearing e.g. provide incentives for property repairs and improvements, to keep ageing rental stock in good condition, but take away deductibility of mortgage payments; and
- > Cutting subsidies to home ownership.

## Public sector and government efficiency

Fifteen per cent of survey respondents who selected “other” as a measure that should be a priority in repairing the Federal Budget pointed to addressing inefficiencies in the public sector or operating the public sector more efficiently. This was posed in a variety of ways, including: reducing government waste, ensuring expenditure is fit for purpose, and seeking greater efficiencies in running government departments.

Respondents who fell into this category also indicated that the Government may have an expenditure problem, not a revenue problem.

Examples of these responses included:

- > Operating the public sector more efficiently. There is capacity to cut expenditure without reducing service levels;
- > Improving public service productivity to save expenditure;

- Eliminating redundant Government activities and agencies;
- Improve productivity (cost) of government. Push healthcare to reduce costs (reduce their profits and waste); and
- Expenditure problem not revenue problem.

## **Federal/state issues**

A number of respondents (7.8 per cent) commented on issues regarding the different levels of government. These responses included: addressing the anomalies of a federal tax system; minimising tax returns going to states; abolishing the Senate; reducing the size of government; reducing the doubling up of services between the three tiers of government; addressing productivity in the public service and overlap with the states; reforming of federal/state taxes and transfers; eliminating state governments; and rebalancing federal/state funding in health, education and infrastructure.

Examples of these responses included:

- Reducing the size of government;
- Reducing the doubling up of services between state and federal;
- Addressing productivity in the public service and overlap with the states;
- Removing Federal/State duplication Addressing the cost of three levels of Government; and
- Abolishing the Senate.

## **Clean energy/carbon tax**

Seven per cent of respondents highlighted the mining and resources industry as a sector that could be contributing more to the Budget. Suggestions included: a carbon price; eliminating subsidies to the coal and/or fossil fuel industry; increasing revenue through promoting growth in new/emerging areas (such as biodiversity, alternate energy sources); and increased environmental protection and payments to landholders willing to protect or restore ecological values.

Examples of these responses included:

- Cutting (eliminating) subsidies to the coal industry;
- Raising environmental taxes (e.g. carbon tax);
- Charging a proper rent resource tax to oil, gas and mining (extraction industries);
- Increase revenue by promoting growth in new/emerging areas (e.g. biodiversity, alternate energy sources); and
- Increased environmental protection and payments to landholders willing to protect or restore ecological values.

## Infrastructure spending

Several respondents (five per cent) suggested infrastructure was an area to look to for improving Australia's economy. Respondent's comments ranged from saying that infrastructure expenditure would stimulate jobs growth, to suggesting infrastructure investments that would generate and nurture new technologies and industries, to looking at the most effective funding and financing options for infrastructure spending and delivery.

One respondent suggested splitting the budget into recurrent expenditure and capital expenditure, to give a truer view of the operating deficit, saying debt for infrastructure makes sense, whereas debt for recurrent expenditure does not.

Examples of these responses included:

- > Increase infrastructure expenditure to stimulate jobs growth – more people earning and contributing to the economy;
- > Investing in infrastructure to drive productivity growth;
- > Encouraging growth, increasing expenditure on major infrastructure;
- > Investing in infrastructure etc., but in ways that will generate and nurture new technologies and industries; and
- > Enabling the most effective funding and financing options for infrastructure spending/delivery.

## Inheritance tax

Introducing an inheritance tax or death duties was suggested by five per cent of respondents who selected "other". Similar to those who suggested changes to negative gearing, respondents suggested this would be an area where revenue raising could be taken from those who would notice it the least.

- > The possibility of an inheritance tax;
- > Raising Estate Tax; Note: "Cutting" isn't helpful – systemic reform and innovation (e.g. of IT systems and processes in Health) – would be more helpful in increasing productivity;
- > Investigating introduction of death duties;
- > Introduce death duties; and
- > Land, wealth and inheritance taxes.

## Education

Five per cent of respondents suggested changes, cuts or increased spending in various areas of education. The suggestions included: cutting private school funding (and reallocating to public schools); better assessment of education expenditure; proactive early stage investment in education leading to longer term improvements in productivity and workforce participation; national education and health systems to mitigate duplication in cost and resources and programming; increased education spending; increasing measures to reskill the workforce as the economy transitions to a more highly skilled workforce.

Examples of these responses included:

- > Cutting private school funding;
- > Better assessment of education expenditure;
- > Proactive early stage investment in health and education leading to longer term improvements in productivity, health and workforce participation;
- > National education and health systems to mitigate duplication in cost and resources and programming;
- > Increasing education and health expenditure; and
- > Increasing measures to reskill the workforce as the economy transitions to a more highly skilled workforce.

## **Superannuation**

Five per cent of respondents suggested changes to superannuation. Suggestions included utilising the large pool of funds sitting in the superannuation funds to build new infrastructure and modernise the old infrastructure; including the family home in the aged pension asset test; reduce public service entitlements; prevent double-dipping between superannuation and the aged pension/aged benefits; raise the pension age; reform superannuation to provide health care insurance.

Examples of these responses included:

- > Utilise the large pool of funds sitting in superannuation funds to build new infrastructure and modernise the old infrastructure;
- > Including residence in aged pension asset test;
- > Reducing public service entitlements (regarding super);
- > Dealing with double-dipping between superannuation and the aged pension/aged benefits;
- > Encouraging people to return to superannuation instead of the current focus on encouraging everyone onto the age pension; and
- > Raising the pension age.

## **Innovation**

Three per cent of respondents suggested increasing investment in innovation would aid in restoring the Federal Budget. Their suggestions included to: increase investment in tertiary education innovation; incentivise innovation; focus on innovation and migrating Australia from being a resource-intensive exporter to an exporter of innovation-led products/services; support economic growth through new and innovative industries; and give increased research support.

Examples of these responses included:

- > Incentivise innovation;
- > Focus on innovation and migrating Australia from being a resource-intensive exporter to an exporter of innovation-led products/services;
- > Support economic growth through new and innovative industries; and
- > Increased research support.

## Red tape and bureaucracy

Three per cent of respondents highlighted bureaucracy as an area that could be addressed to improve the Budget bottom line. Responses included to: reduce red tape and bureaucracy; eliminate government interference; remove inefficient taxes; reduce corporate business taxes, which will generate more jobs and thus more personal tax revenue; reduce regulatory barriers to developments (such as vexatious appeals).

Examples of these responses included:

- > Reducing Bureaucracy;
- > Reducing red tape and bureaucracy. Eliminate government interference;
- > Doing away with inefficient taxes and reducing bureaucracy;
- > Cut red tape; do a Trump and bring down corporate business taxes, which will generate more jobs and thus more personal tax revenue; and
- > Reducing regulatory barriers to developments (such as vexatious appeals).

## Foreign aid

Several respondents (three per cent) looked to Australia's spending on foreign aid as an area that could be paired back or halted altogether.

Examples of these responses included:

- > Cutting foreign aid; and
- > Review international aid involvement and invest in local services.

## Welfare

While "cutting social services/welfare" was one of the main categories respondents were asked to choose from in Question 3, some respondents (three per cent) chose to give more detailed assessments in this area. Comments included: cutting middle class welfare, such as capital gains; removing parenting and childcare allowances; and preventing rorting of social/welfare and education systems.

Examples of these responses included:

- > Cutting middle class welfare such as capital gains;
- > Welfare: remove parenting and childcare allowances;
- > Reviewing social services expenditure;
- > Cutting social services/welfare expenditure; and
- > Prevent rorting of social/welfare and education systems.

## Medicare/health

Again, cutting health expenditure was one of the main categories respondents were asked to choose from in Question 3. Additional suggestions in this category included co-payment on GP visits, looking to foreign investment in health services, and generally more user pays in health and aged policies. Three respondents made suggestions in this category.

Responses were:

- > Co-payment on GP visits;
- > Foreign investment in health services; and
- > More user pays in health, education, aged policies.

## Anti-clean energy

Two people suggested they would like to see less money spent on clean energy/climate change.

Responses were:

- > Stop spending money on Climate Change nonsense; and
- > Cut renewal energy targets so as to improve energy competitiveness and attract back the energy-reliant industries that employ people.

## Immigration

Two respondents suggested reducing the rate of immigration would contribute to balancing the Federal Budget.

Responses were:

- > Cut immigration (saving \$100,000 per head in infrastructure and reducing unemployment); and
- > Cutback immigration.

*\*A note on percentages used in above calculations: a number of respondents made suggestions in more than one area detailed above. In such instances, their suggestion was put in all relevant categories, so percentages therefore do not equal 100 per cent.*

*For example, if a person suggested they want to see a carbon tax and removal of negative gearing, their comment would be counted in both categories.*