

# THE PER CAPITA TAX SURVEY 2020



## Table of Contents

About Per Capita .....	3
About the author .....	3
Acknowledgements .....	3
Executive Summary .....	4
Introduction .....	5
Section I: Attitudes to Public Spending and Debt .....	7
Section II: Personal Tax Obligations .....	14
Section III: Fairness of the Tax System .....	20
Section IV: Current Issues in the Policy Debate .....	29
Retirement incomes .....	29
Negative gearing .....	32
A 'Buffett Rule' .....	34
The rate of JobSeeker/Newstart .....	35
Personal income tax cuts – Stage 3 .....	40
Section V: International Tax Comparisons .....	44
Section VI: Concluding thoughts and considerations for policymakers .....	46
Appendix .....	48
Breakdown of respondents to the Per Capita Tax Survey 2020a (February) .....	48
Breakdown of respondents to the Per Capita Tax Survey 2020b (August) .....	49
Questions for the Per Capita Tax Survey 2020 .....	50

## About Per Capita

Per Capita is an independent progressive think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice.

Our research is rigorous, evidence-based and long-term in its outlook. We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

Our audience is the interested public, not just experts and policy makers. We engage all Australians who want to see rigorous thinking and evidence-based analysis applied to the issues facing our country's future.

## About the author

*Emma Dawson* is the Executive Director of Per Capita. She has worked as a researcher at Monash University and the University of Melbourne; in policy and public affairs for SBS and Telstra; and as a senior policy adviser in the Rudd and Gillard Governments. She has published reports and articles on a wide range of public policy issues, and is a regular contributor to Guardian Australia and The Australian Financial Review, and various ABC Radio programs.

Emma is co-editor, with Professor Janet McCalman, of the collection of essays *What happens next? Reconstructing Australia after COVID-19*, to be published by Melbourne University Press in September 2020. She holds a BA with First Class Honours from LaTrobe University and an MA with Distinction from Monash, and is an Honorary Fellow in the School of Social and Political Sciences at the University of Melbourne.

## Acknowledgements

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Per Capita is deeply indebted to David Morawetz's Social Justice Fund for its generous support of the Survey since its inception in 2010.

## Executive Summary

The tenth annual Per Capita Tax Survey provides an unparalleled insight into the views held by Australians of all ages, from across the country, about the role of tax and public services in our national life. For the first time, we have conducted two surveys in 2020 – one in February, immediately before the effects of COVID-19 were widely felt, and a second six months later, in August, when the impact of the pandemic on our society and economy was beginning to be understood.

The results are striking. In the wake of the biggest health and economic crisis in a century, Australians apparently have a renewed appreciation of the essential services provided through our system of government: scores for the value, accessibility, quality and usefulness of public services all showing notable increases between February and August. A greater number of Australians also appear to be more comfortable with the level of government spending on services now than they were prior to COVID-19.

Public approval of the use of government debt to underpin long-term investment is also significantly higher compared to previous surveys, with a remarkable 15 point increase in support over the six months since the pandemic hit. And despite the record outlays of recent months, a majority of respondents still want to see governments spend more on health, education and social security.

Australians also seem to be more comfortable with the levels of tax they pay, with the proportion of those complaining they pay too much dropping by around 5 points, and a commensurate increase in the percentage who feel their contribution is about right.

As in previous years, though, a significant majority of respondents believe that big business doesn't pay its fair share of tax, and that corporate tax avoidance affects the fairness of Australia's taxation system. Most survey participants also believe that high income earners should pay more tax.

Some of the most interesting findings this year relate to changed attitudes to current policy debates between February and August.

Support for a significant, permanent increase in the rate of JobSeeker (previously known as Newstart) is significantly higher than it was pre-pandemic, and enjoys majority support among voters of all persuasions, with almost 6 in 10 of Coalition voters, and 7 in 10 of those who vote for Labor or the Greens supporting a long-term lift in the rate of at least \$75 per week.

The level of support for the government's Stage 3 tax cuts, however, is weak, with only 13% of respondent supporting the current distribution of the tax cuts, which overwhelmingly favours high income earners.

By August, support for those tax cuts for high income earners, even if bigger tax cuts were given to those lower down the income scale, was down to 29.9% while the proportion who said the Stage 3 cuts should be reduced or stopped was 46.4%. This issue is divided along party lines, with over a third of Coalition voters in support, compared to just over a quarter of Greens voters and only one in five of those who vote for the ALP.

The Per Capita Tax Survey 2020 lays bare the views of Australians during the most significant social and economic disruption in living memory. It provides valuable insights to policy makers for the months ahead.

## Introduction

This is the tenth publication of the Per Capita Tax Survey, which has been conducted annually since 2010, with the exception of 2013. The results provide a snapshot of the Australian public's attitudes towards taxation and public expenditure, and a long-term view of trends in public opinion on our tax and transfer system.

As in previous years, we put the survey out to a representative sample of Australians in February 2020, intending to publish the results ahead of the scheduled federal budget in May. And then everything changed. The onset of the COVID-19 pandemic in March caused chaos across the world, upending social and economic norms and throwing the plans of families and workplaces into disarray. Governments scrambled to shore up businesses and households as economic activity was shut down almost overnight, and the federal budget was put on hold until October.

In the wake of the carnage, it seemed that the views of Australians towards their tax and transfer system in that final, normal month before COVID hit were largely irrelevant to the urgent decisions being taken by policy makers and political leaders across the country. And so we put the 2020 tax survey into a digital drawer, and directed our attention to the issues in front of us.

Six months later, as we slowly became accustomed to the unpredictable, unsettling and uncertain reality of our "COVID-normal" new lives, it seemed appropriate to venture a second survey, repeating the questions, updated where necessary to reflect policy changes, in order to see what, if any, changes the extraordinary circumstances of 2020 may have made to Australians' opinions on their economic system.

And so we have, for the first time in the Survey's decade-long history, two sets of results – one from February, before the world changed, and one from August, when most, if not all, of the country was beginning to grapple with the fallout of the pandemic, and the biggest economic collapse in a century.

After 10 years, the Annual Per Capita Tax Survey has built up a valuable longitudinal study of Australians' views of core economic policy settings. Each year we retain a core of roughly two-thirds of the questions, allowing us to build up a time-series trend of attitudes towards tax, services and spending. The remaining questions are focused on surveying responses to current policy proposals, with some questions being asked over two or three years if the issue remains central to the public debate.

This year's fieldwork was undertaken between 5 and 11 February 2020, and again between 31 July and 10 August, through Dynata. Each time, it was conducted as an online survey of 1550 Australians with nationally representative samples by gender, age, and state or territory of residence.

The survey has a sampling margin of error of 2.6% at a 95% confidence level for answers given by all respondents. When considering answers by particular subgroups, the margin of error is likely to be higher given that the sample size for a subgroup is necessarily less than the total sample size of 1,550 people.

Where results are described as essentially unchanged from previous years, this indicates any change is not statistically significant.



A full list of the questions asked in this year's survey can be found in the Appendix. Some questions in the section on current policy proposals have been altered to reflect key policy changes between the first survey in February and the second in August.

The Survey findings are structured as follows:

- Section I outlines respondents' attitudes to the level and quality of public services, and levels of debt;
- Section II presents individuals' perceptions of their own tax contributions;
- Section III presents respondents' perceptions of the fairness of the overall tax system;
- Section IV canvasses views on a range of individual tax and spending issues that are pertinent to the current policy debate, including retirement incomes, negative gearing, a "Buffett rule" to limit tax minimization, the rate of unemployment benefits (Newstart/JobSeeker), and Stage 3 of the legislated personal income tax cuts that are due to take effect in 2024;
- Section V covers people's perceptions of tax and spending levels in Australia relative to those in other OECD countries; and
- Section VI presents an overall interpretation of this year's responses.

The annual Per Capita tax survey is the only comprehensive study focused on community attitudes to public services and tax in Australia. It provides policy makers with a valuable assessment of the Australian public's views of taxation and the provision of government services, and a rare insight into the nation's values and expectations of our tax and transfer system. This year's survey reveals the views of Australians towards the role of government at the most extraordinary time in living memory.

All ten tax surveys are available on the Per Capita website.

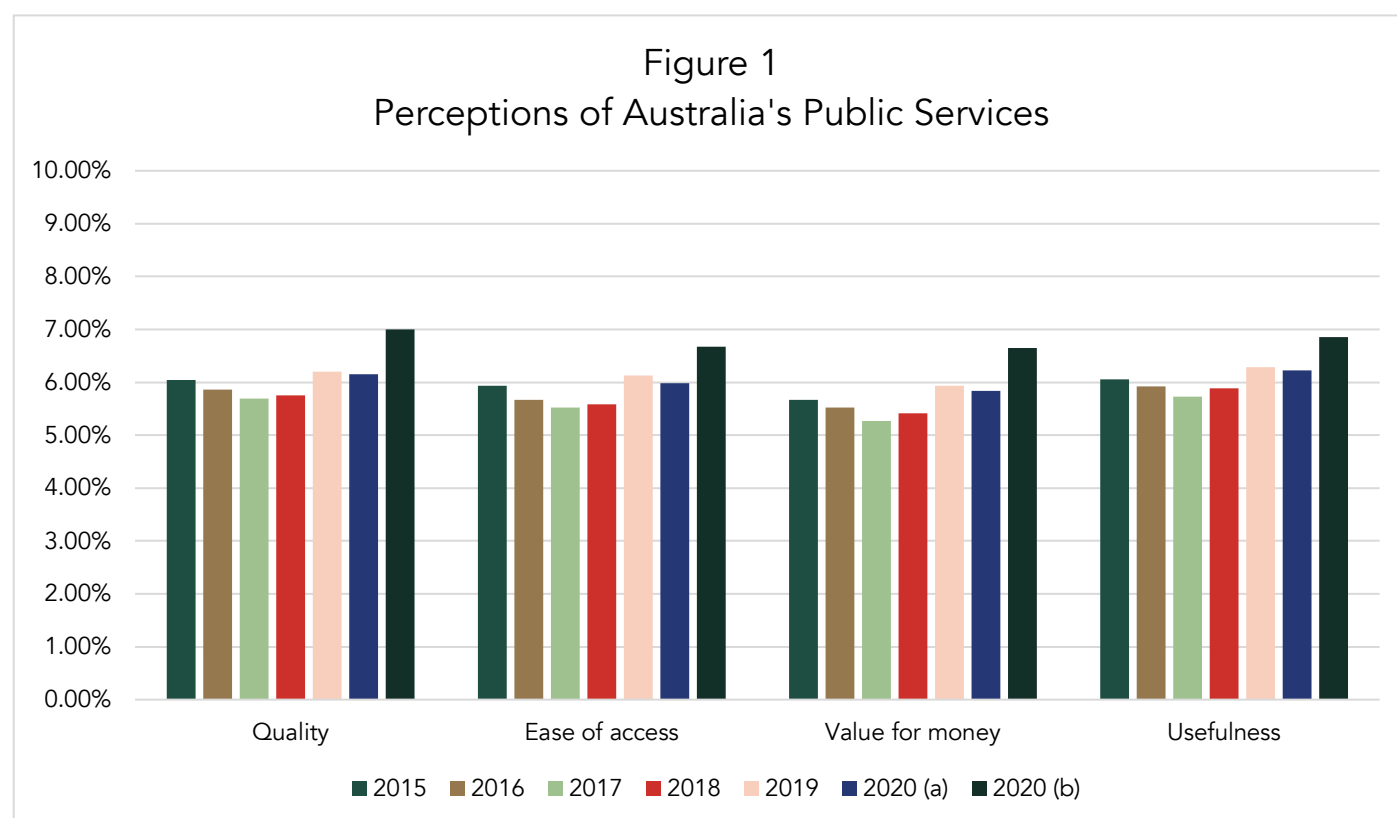
## Section I: Attitudes to Public Spending and Debt

The Survey begins by seeking respondents' views on various aspects of public service delivery in Australia: quality, ease of access, value for money and usefulness. We ask respondents to score these aspects on a scale of 0-10 (see Figure 1). Since 2014, we have found the same ranking of these different aspects: Australians score our public services highest for quality and usefulness, followed by ease of access and then value for money.

Between 2018 and the first survey taken this year, we saw a marginal upwards trend in people's perceptions of public services. However, in the second, post-COVID survey, there has been a statistically significant lift in the appreciation of public services by Australians, across all metrics.

The rating for quality increased from 6.2 in February to 7 in August, while for usefulness it increased from 6.2 to 6.8. Similarly, the ratings for ease of access and value for money have increased by .7 and .8 respectively.

These are the highest scores recorded since this question was first posed in the survey in 2014, and they represent a notable improvement in public perceptions of Australia's public services. Previous surveys, from 2014 to February 2020, revealed statistically negligible changes in respondents' views.



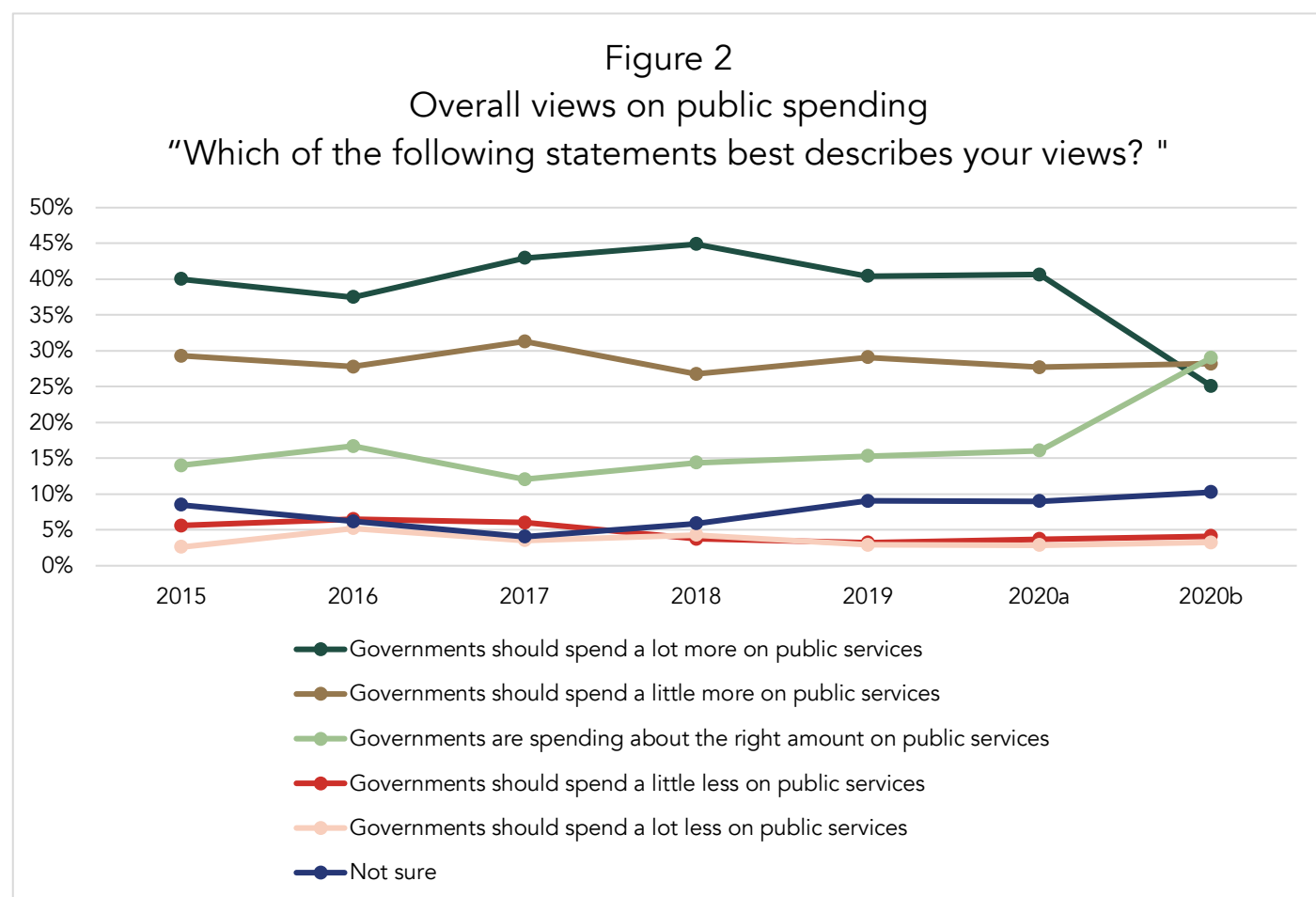
The Survey then proceeds to record people's views on government spending on public services (see Figure 2). Again, we see a significant shift in views in the post-COVID survey.

In 2019, 69.5% of respondents believed governments should spend more (either a lot or a little) on public services, and the finding from the February 2020 survey was not significantly different, at 68.3%. However,

by August, this figure had dropped markedly to 53.3, almost entirely due to a significant reduction in the proportion of respondents who believed governments should spend a *lot more* on services (down from 40.6% in February to just 25.1% in August).

This drop is largely reflected in the increase in the proportion of people who now think governments are spending 'about the right amount' on public services, which increased from 16% in February to 23% in August.

Changes in the other responses – those who are unsure, or who think that governments should spend less on public services – are statistically negligible between 2019 and the post-COVID survey in August 2020.



The Survey then asks respondents for their preferences for the allocation of public expenditure (see Figure 3). In all previous Tax Surveys, health has the most support from respondents as the area that should attract more government spending, followed by education and, since 2018, we have seen majority support for more spending on social security.

The survey results from February 2020 found no meaningful change in support for more spending on health and education since 2019, and an increase of 2.28% in support for more spending on social security which, at 56.78%, recorded its highest score since the survey's inception.

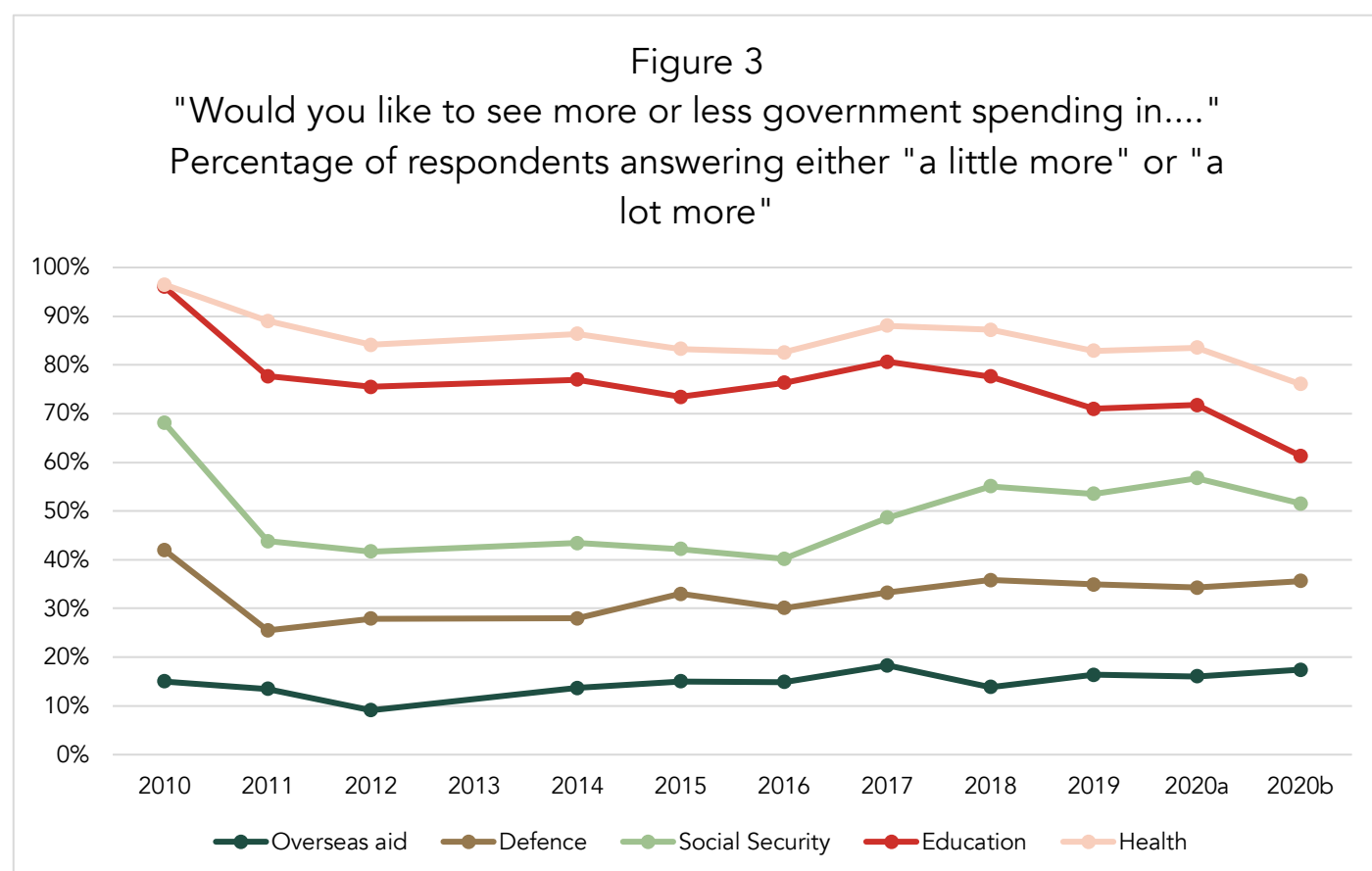
The August survey, though, showed marked declines in the proportion of people who want to see more spending on all three measures in the wake of COVID-19.



While we still found a majority of respondents supported more spending on these essential services, the proportion of respondents who wanted more government spending on health declined by 7.5%, and on education by a 10.4% in the six months since the February survey, to 76.1 and 61.3% respectively. Both measures, while still representing significant majorities of respondents, are the lowest levels of support for increased spending in the history of the survey.

The fall in the proportion of those who want to see increased social security spending was less severe, at 5.2%, but, at 51.5%, the number is the lowest since 2017.

Support for more spending on defence and overseas aid increased by a statistically negligible 1.3 and 1.4 points respectively between February and August, both figures largely unchanged from 2019.



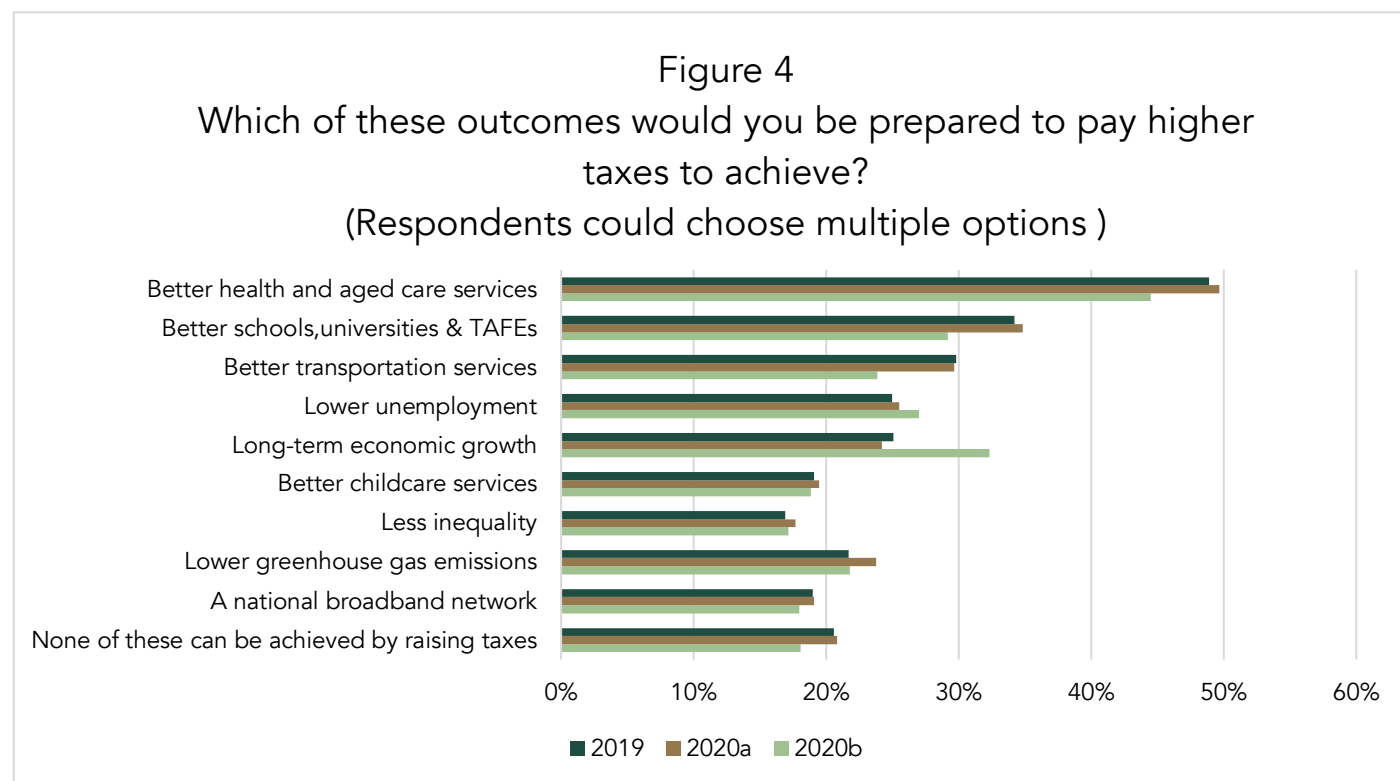
The next question asks respondents for which, of a number of different policy outcomes, they would personally be willing to pay higher taxes (see Figure 4).

The results of the 2019 Survey for this question were notable in that, for the first time, less than half of respondents were personally willing to pay more tax for better health and aged care services, with a drop of almost 6 points on the previous year to 48.9%.

This figure recovered slightly in February 2020, to 49.7%, but in the wake of COVID-19, it has collapsed to its lowest point in the survey's history, to just 44.5%.

There was a similar drop (5.7 points) in the proportion of those willing to pay more tax for better educational institutions between February and August: this figure has dropped to just 29.1% in the wake of COVID-19, a huge fall of 17.6% since 2017.

Australians' willingness to pay more tax for all the outcomes surveyed, with the exception of lower greenhouse gas emissions, has been in decline since 2018, but the post-COVID survey in August showed a slight increase in the number of respondents prepared to pay more for lower unemployment (1.5 points) and an 8 point lift in the proportion willing to pay higher taxes to support long-term economic growth. However, even at 32.3%, this figure is still more than 10 points down on the result from 2016.



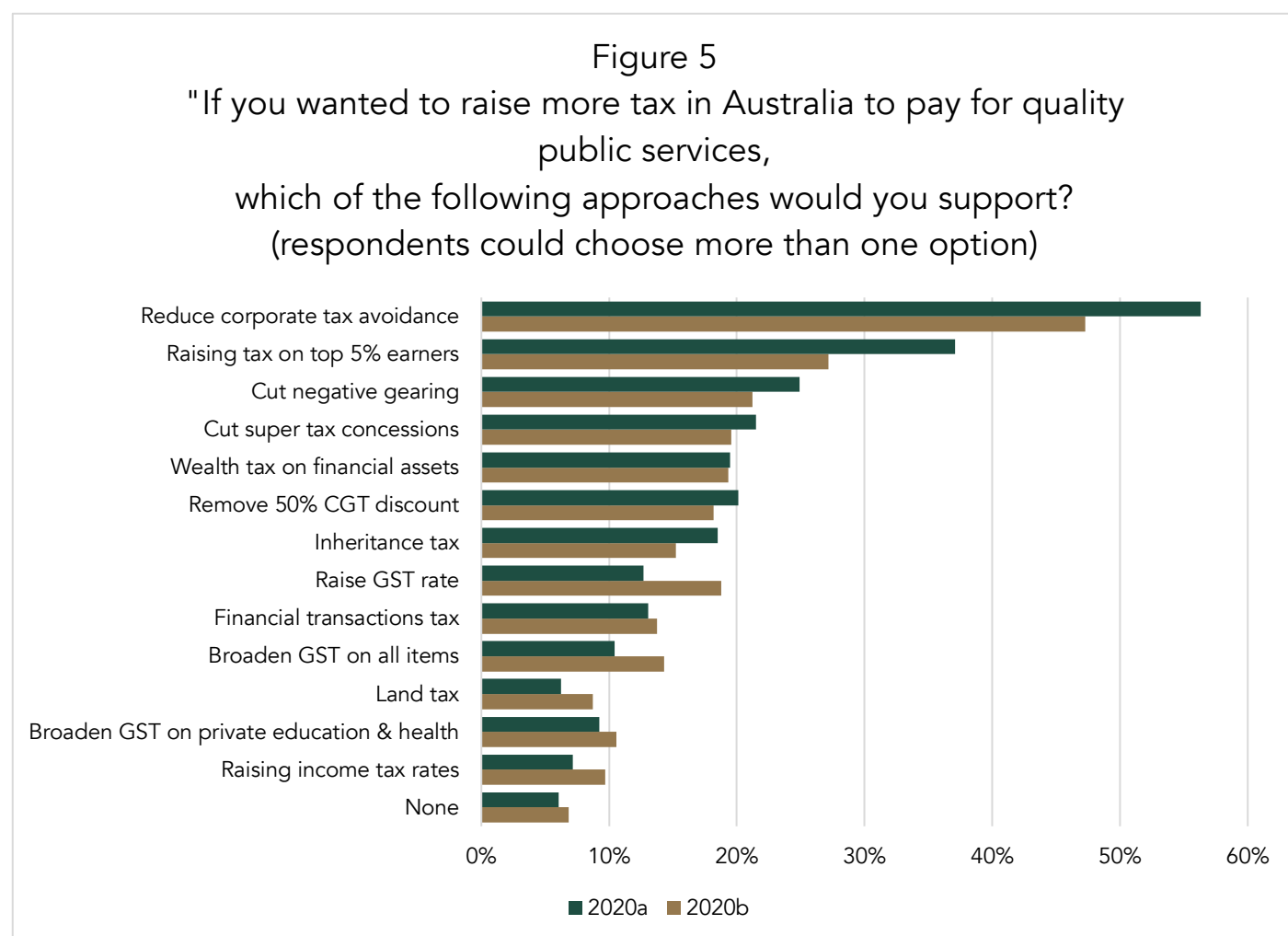
Given that a clear majority of respondents believe the government should spend more on services, as demonstrated in Figure 1, but most are not personally willing to pay more tax themselves to fund such spending, we ask respondents for their views about what other taxation measures the government should implement to raise revenue (see Figure 5).

As it has been since the commencement of the survey in 2010, reducing corporate tax avoidance remains the most popular option when people are asked how the government should raise additional tax revenue. However, for the first time, support for this measure has fallen below 50%, with a 9 point drop between the February and August 2020 surveys to 47.3%.

Other preferred options, as in previous years, are: to raise tax on the top 5% of income earners, although this is down 10 points since February to 27.1%; to cut tax concessions on negative gearing (21.2%, down 4.8 points since 2019); and to reduce superannuation tax concessions (19.5%, down 2.2 points since 2019).

The most notable change in responses to this question between the pre- and post-COVID surveys in 2020 is a 6.1 point increase in the number of people who support increasing the rate of the GST, although this

still has the support of less than one in five respondents. There has also been a 3.9 point lift in the proportion of respondents who think GST coverage should be broadened to all items, with that number up from 10.4% in February to 14.3% in August.



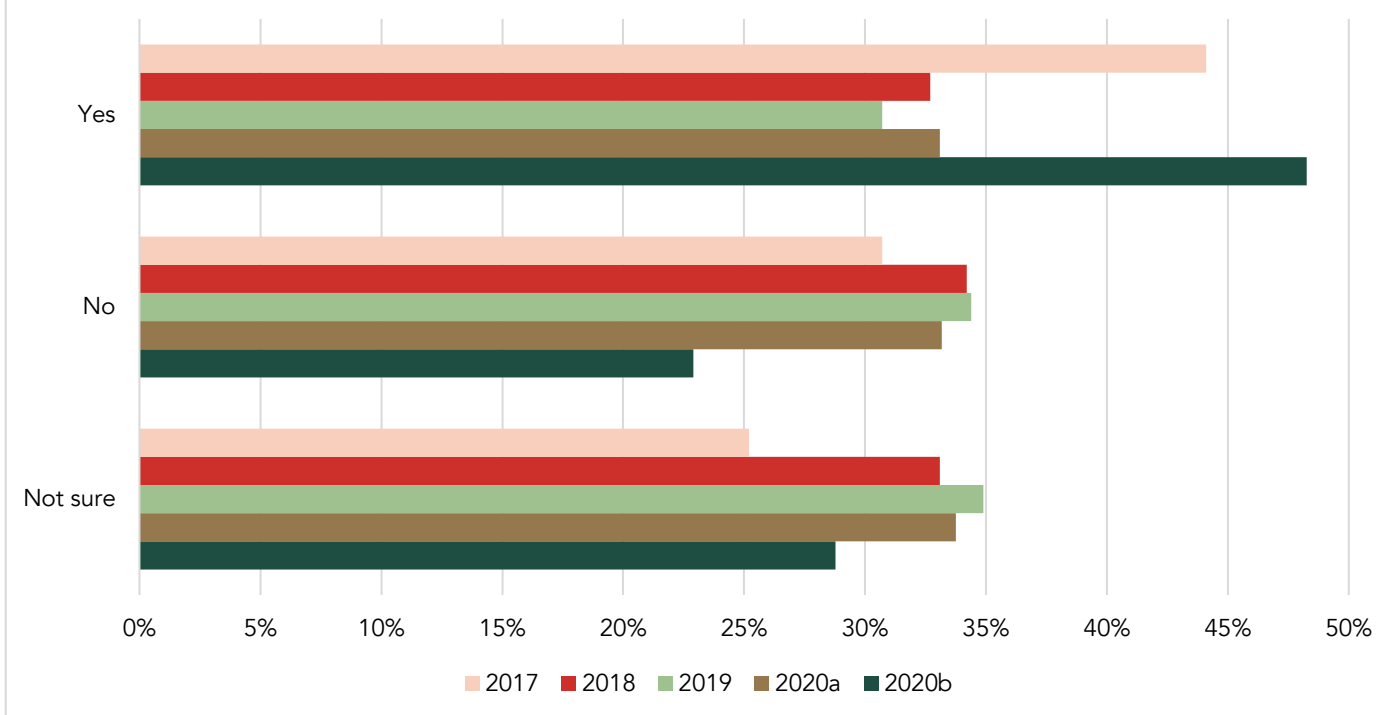
The survey also seeks respondents' views on governments debt, asking whether they support the government borrowing for long-term investment (see Figure 6).

The results from February's survey were close to those recorded last year and in line with findings from 2018 and 2019, with an even split between respondents who support such borrowing (33.1%), those opposed (33.2%) and those who don't know (33.7%).

In the wake of COVID-19, however, we have seen a huge shift in attitude to public debt. Responses to the survey in August were much more sharply divided, with 48.3% of respondents now in support of government borrowing for long-term investment. This is 4.2 points up even on the response from 2017 (which was an outlier in the historical context of the survey), and a remarkable 15.2 point increase on the figure recorded six months earlier. Those opposed to government debt are at a record low of just 23%, while 28.8% remain unsure.

Figure 6

In the past, governments have borrowed for long-term investment in the same way people take out a mortgage for a house. Are you in favour of such borrowing?



Responses to the first section of the report show some significant movement in public attitudes to the funding of government services between February and August, as the economic consequences of COVID-19 became apparent.

The first shift of note is in Australians' views of public service delivery. On all four metrics – quality, ease of access, value for money, and usefulness – the post-COVID survey recorded the most significant improvements in respondents' perceptions of public services since the annual survey commenced a decade ago. This is likely due to increased levels of awareness and engagement with public services, including health, education, social assistance, and the tax and transfer system, as a result of the health and economic impact of the pandemic. Perhaps a silver lining of COVID-19 is that Australians have a greater appreciation of public services.

The second significant shift in thinking between the pre- and post-COVID surveys of 2020 is shown in the notable drop in the number of respondents who think the government should spend a lot more on public services, and the commensurate rise in the proportion of those who think the level of spending is about right. While it is always speculative to infer causation, it is obvious that this marked change in views coincides with a period that has seen a massive increase in public spending on health services, including contact tracing and other pandemic responses; in the provision of additional resources to support online education; and in the unprecedented boost to social security payments. It is reasonable to infer that this finding reflects the public's approval of these emergency measures more than any underlying change in the attitude towards long-term spending patterns pre-pandemic.

Similarly, the drop in the proportion of respondents who want to see more spending on education and health, and to a lesser extent on social services, likely reflects concern about the scale of government spending on services and income support during the pandemic. It is important, though, to note that a majority of respondents to the survey still – even in the face of the biggest program of public expenditure in Australia’s history – believe that health, education and income support deserve more support from government revenue. This implies that there is public appetite for greater expansionary fiscal investment.

The decline in the willingness of survey participants to personally pay more tax for services is almost certainly reflective of the anxiety caused by the economic collapse wrought by the pandemic. With jobs and incomes significantly reduced, it is not surprising that individuals feel less able to contribute more in taxation.

Less intuitively logical is the increase in support for lifting the rate, or broadening the base, of the GST, given that this would increase the cost of essential goods and services at a time when household budgets are under pressure. This is probably best explained by the timing of the survey in August, which coincided with a period of public debate about the merits of increasing the GST as a way of shoring up the tax base in the face of recession. It is worth noting that reducing corporate tax avoidance remains by far the most popular measure by which to increase government revenue.

Finally in this section, we see a significant increase in support for government borrowing for long-term investment, and a commensurate drop in those opposed to government debt. This almost certainly reflects a recognition amongst respondents that the government has acted prudently to take on public debt in order to support the economy during the worst economic downturn in a century. Whether this support for public borrowing persists when the immediate crisis is past remains to be seen, and will be one of the most interesting elements of next year’s survey.

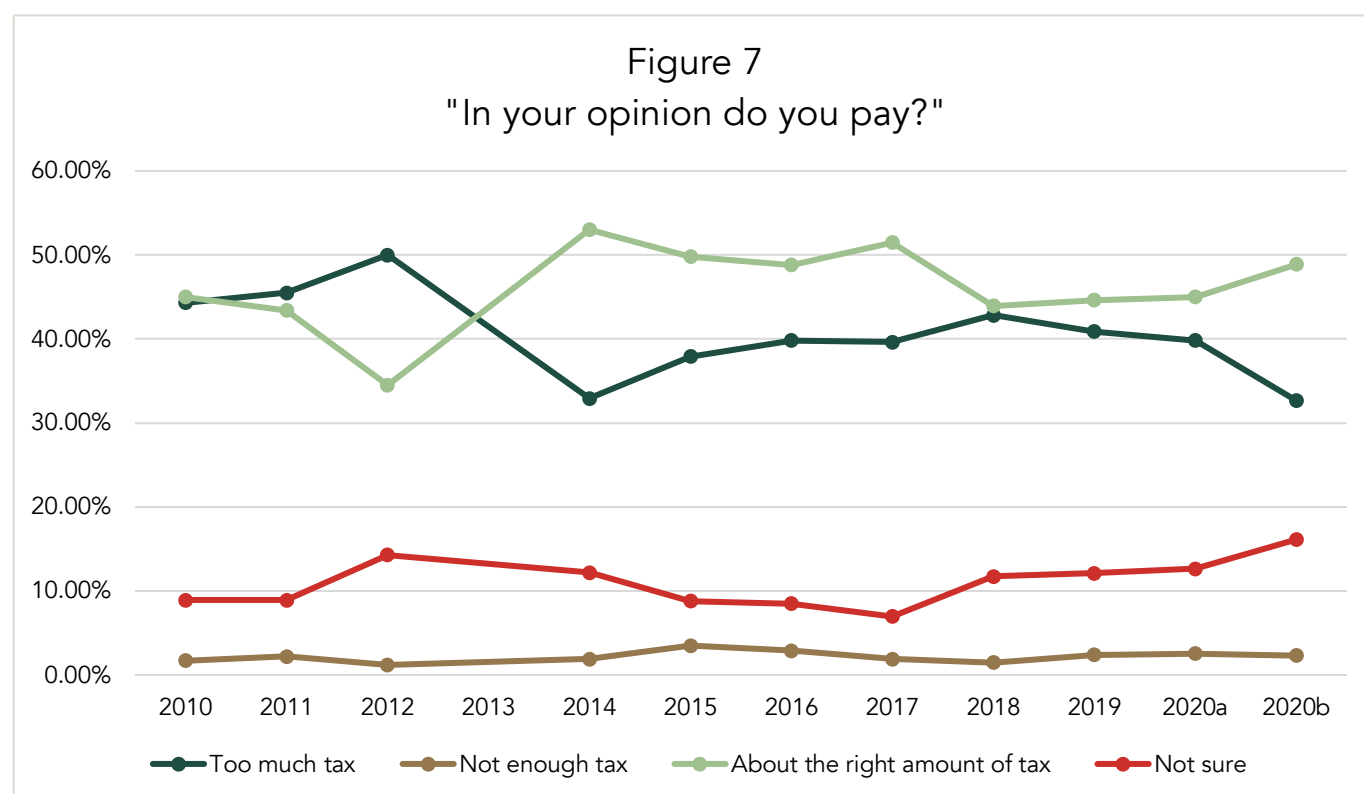
## Section II: Personal Tax Obligations

The second part of the Survey aims to understand Australians' attitudes towards their own personal tax obligations, and those of other taxpayers. This is the heart of the annual tax survey: the questions in this section have been included since the first survey was conducted a decade ago. These findings allow us to build a longitudinal study of people's feelings about their interactions, and those of their fellow Australians, with our tax and transfer system.

We first ask respondents for their views on their own tax contributions (see Figure 7). The findings from this question in 2018 and 2019 indicated a notable drop of around 5 points on the proportion of people who believed they paid about the right amount of tax from the approximately 50% mark it had held since 2014. In February 2020, the rate remained at 45%, but by August had recovered to 48.9%.

The proportion of respondents who believe they pay too much tax has dropped significantly between February and August this year, from 39.8% to 32.6% this year. This is the lowest figure in the history of the survey.

The figure for those who believe they don't pay enough tax has held steady (2.5% in February and 2.3% in August). The shift in the proportion of respondents who are "not sure" has increased by more than 3 points, from 12.7% to 16.1%.



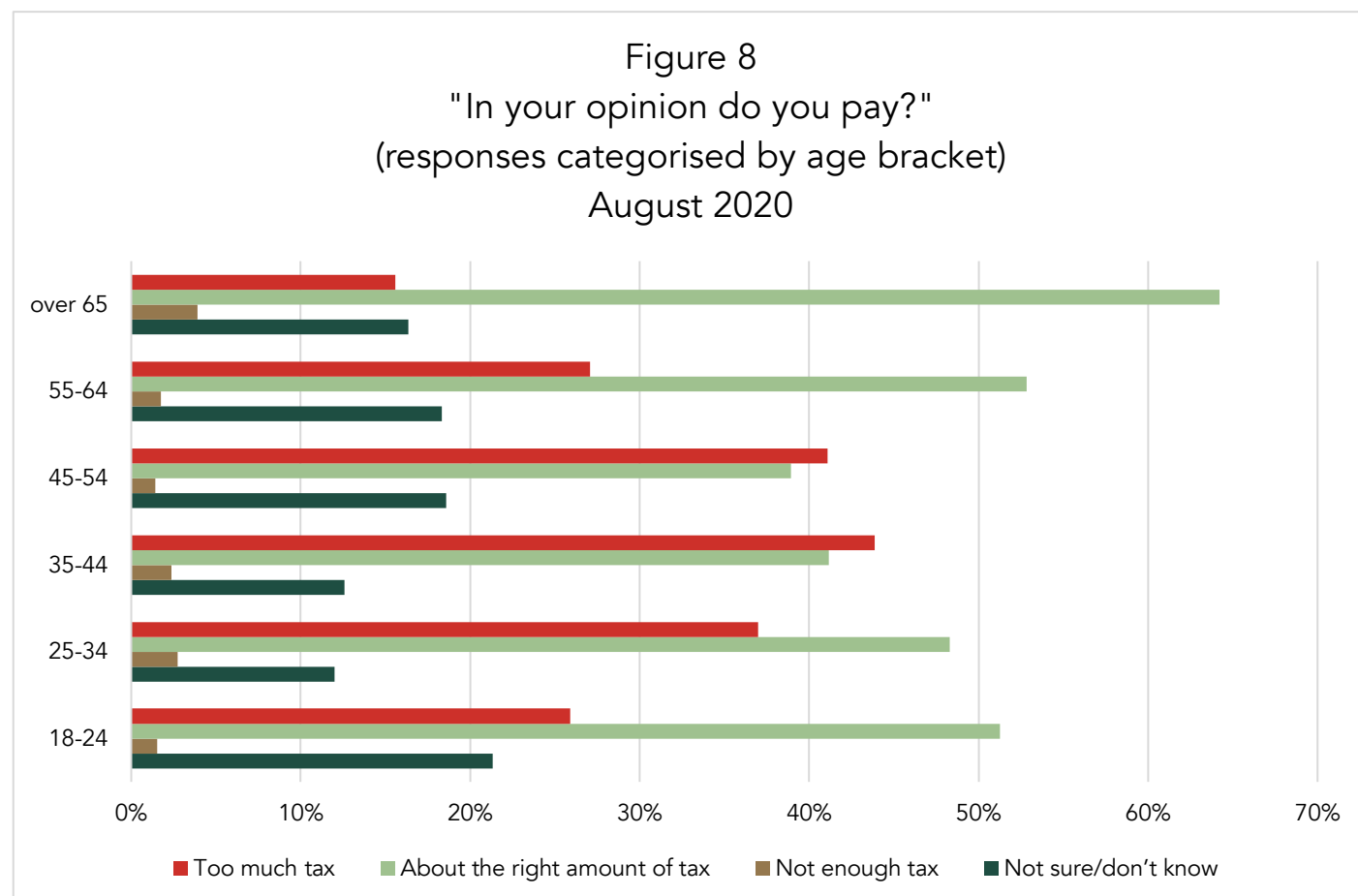
We then look at attitudes to personal tax contributions by age (see Figures 8 and 9). Throughout the previous decade of the survey, these findings have displayed a distinct pattern in which a majority of only those aged over 65 believed they paid about the right amount of tax.



## PER CAPITA TAX SURVEY 2020

For the first time, in the survey taken after the onset of COVID-19 (Figure 8), a majority of those aged 18 – 24 (51.3%) and those aged 55-64 (52.8%) are also comfortable with the amount of income tax they pay, as are 48.3% of those aged 25 to 34.

Only in the age brackets 35 – 44 and 45 – 54, who make up the bulk of full-time pay-as-you-go taxpayers, were more respondents likely to say they paid too much tax (43.9% and 41.1% respectively) than that they paid about the right amount (41.2% and 38.9% respectively).



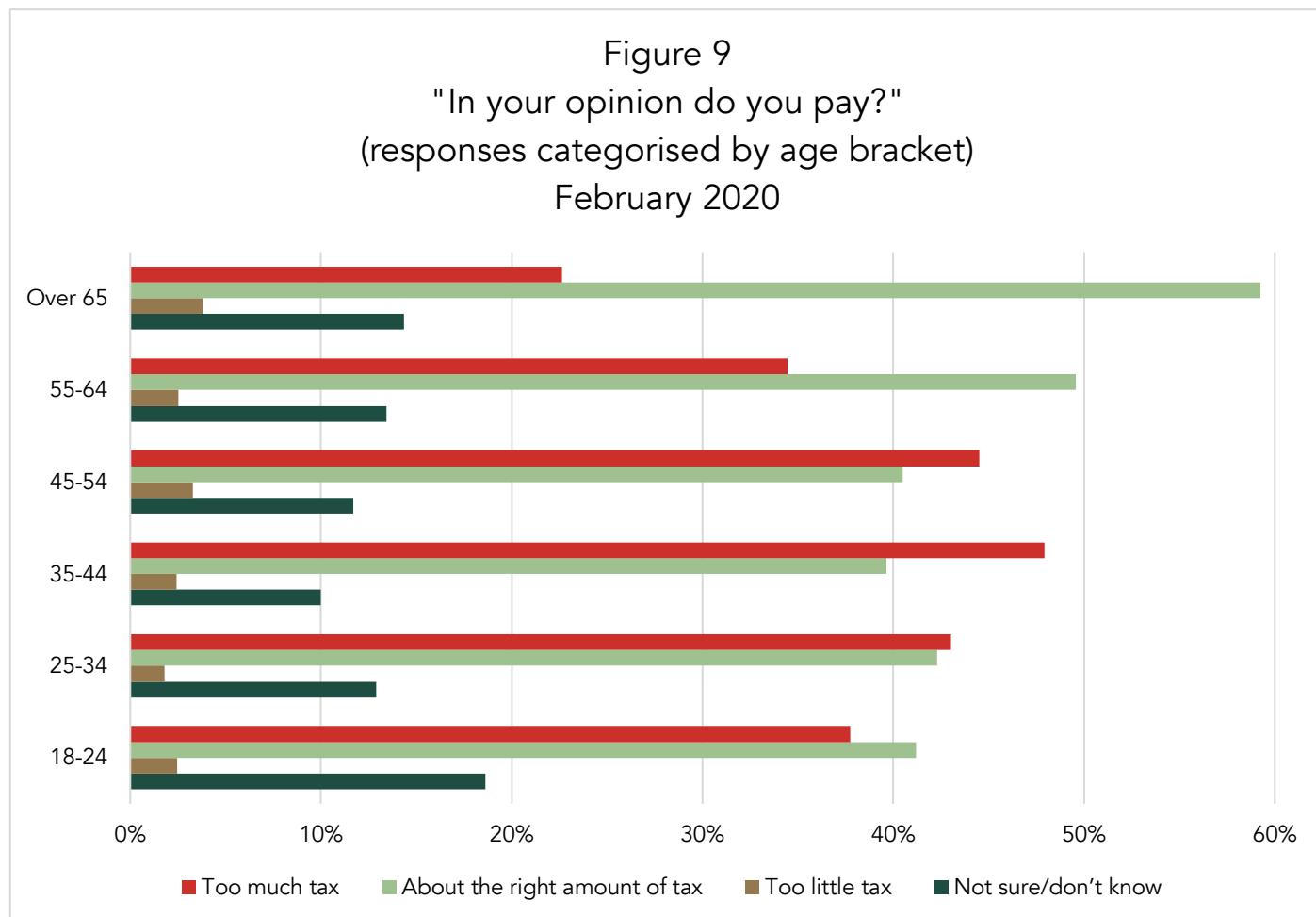
These findings represent quite a significant shift in people's attitudes to their personal income tax contributions compared to the responses of participants in the survey conducted before COVID-19 (Figure 9).

In February 2020, as in previous years, a majority of only those aged over 65, the bulk of whom pay little to no income tax, were comfortable with the amount of tax they paid but, at 59.3%, this number was almost 5 points lower than the August result, which found that 64.2% of people aged over 65 now feel they pay about the right amount of tax.

The increase between February and August in the proportion of those aged 18 to 24 who believed they paid about the right amount of tax was the most significant, with a full 10 point increase from the February figure of 41.2% to August's 51.3%. The increase in this finding among those aged 55 to 64 was less pronounced, with a 3.2 point increase from 49.6% in February to 52.8% in August.

Those aged between 25 and 34 who thought they paid too much tax dropped 6 points between February and August, from 43% to 37%, while those who thought their contribution was about right increased by 6 points from 42.3% to 48.3%.

Among those aged 35 to 44 the drop in those who felt they paid too much tax was 4 points, from 47.9% to 43.9%, while for those aged 45 to 54, the proportion unhappy with their tax contributions decreased from 44.5% to 41.1%, a fall of 3.4 points.

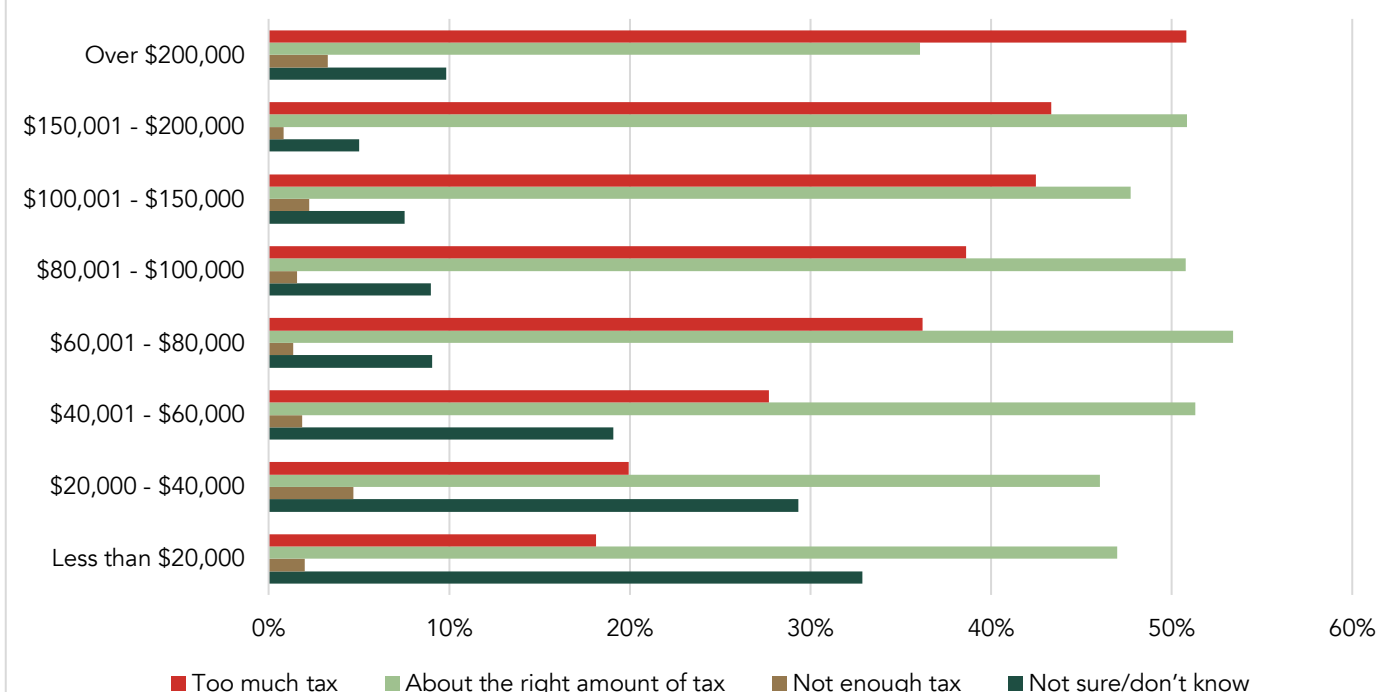


We also measure people's feelings about their own tax payments by household income (see Figures 10 and 11).

In August, a majority of respondents earning between \$40,001 and \$100,000, and of those earning between \$150,001 and \$200,000 annually, were comfortable with the amount of tax they pay. Among those earning between \$100,001 and \$150,000 annually, the figure was slightly short of a majority, at 47.7%.

Only among those earning more than \$200,000, as in previous years of the survey, did a majority (50.8%) say they paid too much tax, but this is down 2.9 points since February, from 53.7%, and represents a significant drop of 7.4% since 2019, when the proportion was 58.2%.

Figure 10  
"In your opinion do you pay?"  
(responses categorised by annual household income bracket)  
August 2020



The proportion of Australians who feel they pay too much tax has dropped among all income brackets between February and August.

It is instructive to compare the drop between 2019 and February 2020, in order to determine how much of this shift in attitude to personal tax rates occurred before the pandemic, rather than during it.

#### *For those earning over \$200,000:*

The majority of the drop in the proportion of those who said they paid too much tax came between 2019 and the February 2020 survey – 4.4 points – with another drop of 1.8 points between February and August, for a total annual decline of 6.2 points.

#### *For those earning \$150,001-\$200,000:*

The proportion of those who felt they paid too much tax did not change significantly between 2019 and August 2020, with a drop of just 1.3 points.

#### *For those earning \$100,001-\$150,000:*

We saw a significant decline in the proportion of those who felt their income tax rate was too high of 7.9 points between 2019 and February 2020, and a further small drop of 1.7 points between February and August, for a total reduction of 9.6 points. This is a significant decrease.

## *For those earning \$80,001 and \$100,000:*

This group recorded a drop of 2.3 points between 2019 and February 2020, and another drop of 4 points between February and August, for a total decline in the proportion of those who felt they paid too much tax of 6.3 points.

## *For those earning \$60,001 - \$80,000:*

We recorded no statistical change between 2019 and February 2020, but a drop in the proportion who felt their tax contribution was too high of 3.3 points between February and August.

## *For those earning \$40,0001 - \$60,000:*

There was a negligible change of views between 2019 and February 2020, with a fall of just 0.7 points, but a significant 10.1 point drop between February and August in the proportion of those who felt their tax contribution was excessive, for a total reduction of 10.8 points, another significant fall.

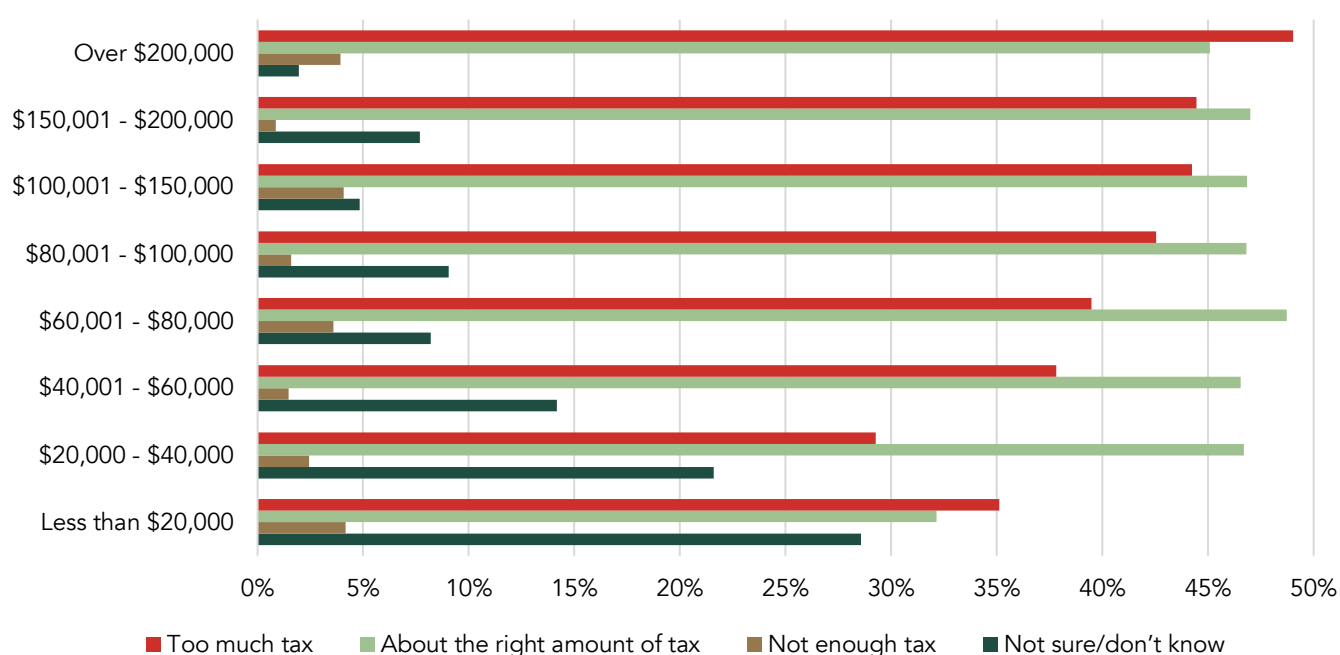
## *For those earning \$20,0001 - \$40,000:*

In the low income groups the pattern was different, with the proportion who felt they paid too much tax increasing by 1.7 points between 2019 and February 2020, but then declining sharply by 9.4 points between February and August, for an aggregate fall of 7.7 points.

## *For those earning less than \$20,000:*

As with the next highest category the figure increased, in this case by 4.4 points, between 2019 and February 2020, and then fell by a massive 17 points between February and August, for an overall reduction of 12.6 points.

Figure 11  
"In your opinion do you pay?"  
(responses categorised by annual household income bracket)  
February 2020



The findings of the post-COVID 2020 Survey represent some of the biggest changes in Australians' views of their personal tax contributions in the ten year history of the survey, but ascribing cause to these changes is difficult given the volatility of incomes and expenditure during the pandemic.

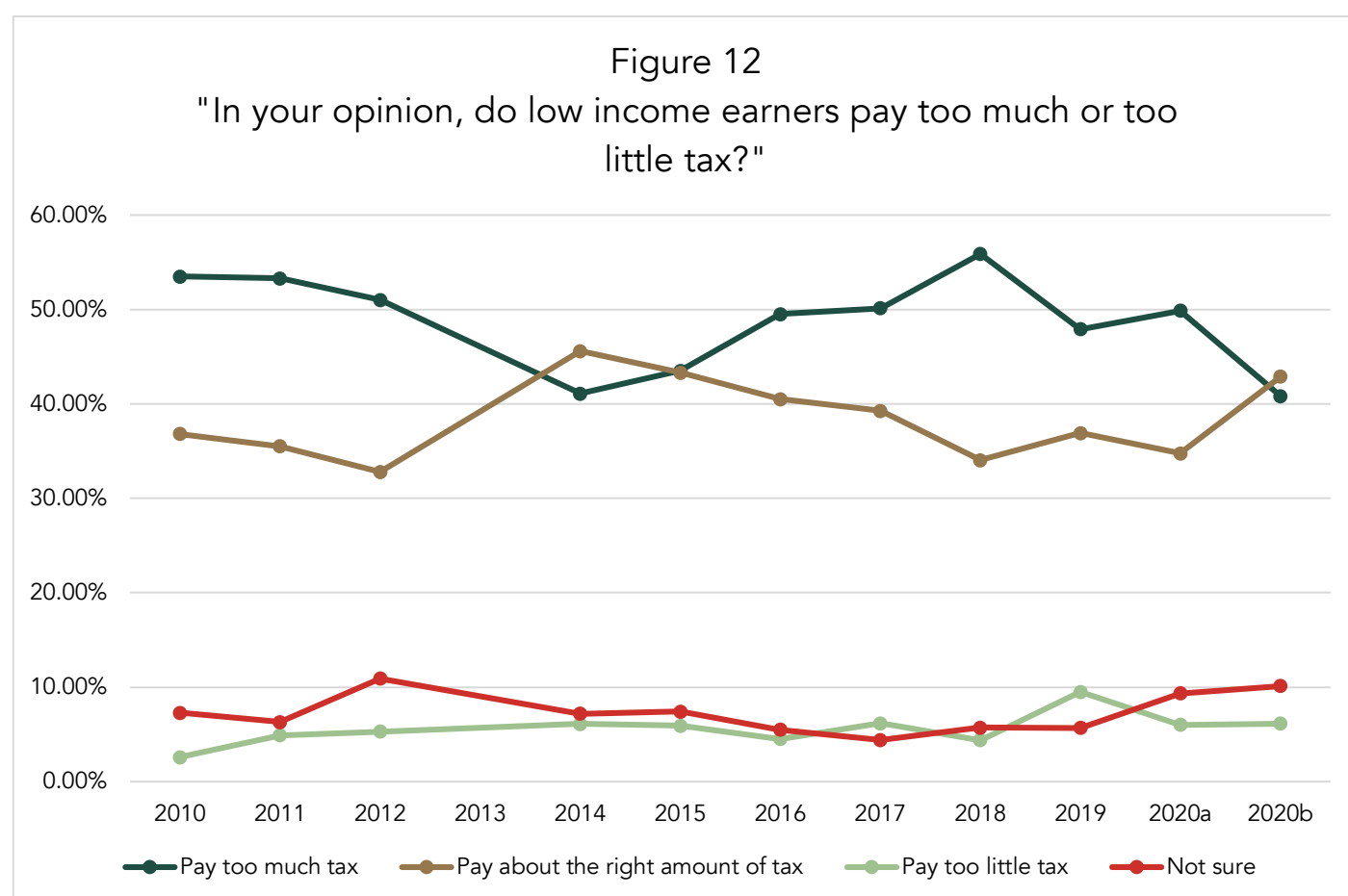
While it is tempting to assume that Australians are more comfortable with their tax rates in recognition of the economic challenges facing the nation and their need to contribute to the collective recovery, such conclusions cannot be confirmed without further research. It is equally possible that the change in views reflect significantly decreased net tax contributions due to increased levels of government income support, or simple relief at still having an income upon which tax is payable in the face of widespread job losses. It remains to be seen whether this shift marks a permanent change in attitude to personal income taxes.

## Section III: Fairness of the Tax System

The third section of the Survey is concerned with the equality and integrity of Australia's tax and transfer system. We ask respondents for their views of the relative fairness of the rates of tax paid by low-, middle- and high-income earners, and by small and big businesses. The majority of these questions have been asked since the first Survey in 2010, allowing us to build a picture of trends in public sentiment over time.

The proportion of those who said low-income earners paid too much tax in February's Survey was relatively unchanged from the 2019 result, up 2 points to 49.9% (see Figure 12). By August, though, this had dropped considerably, by 9.1 points, to 40.8%. There was a roughly commensurate increase in the proportion of those who believe that low-income earners pay about the right amount of tax, up 8.1 points from 34.8% in February to 42.9% in August.

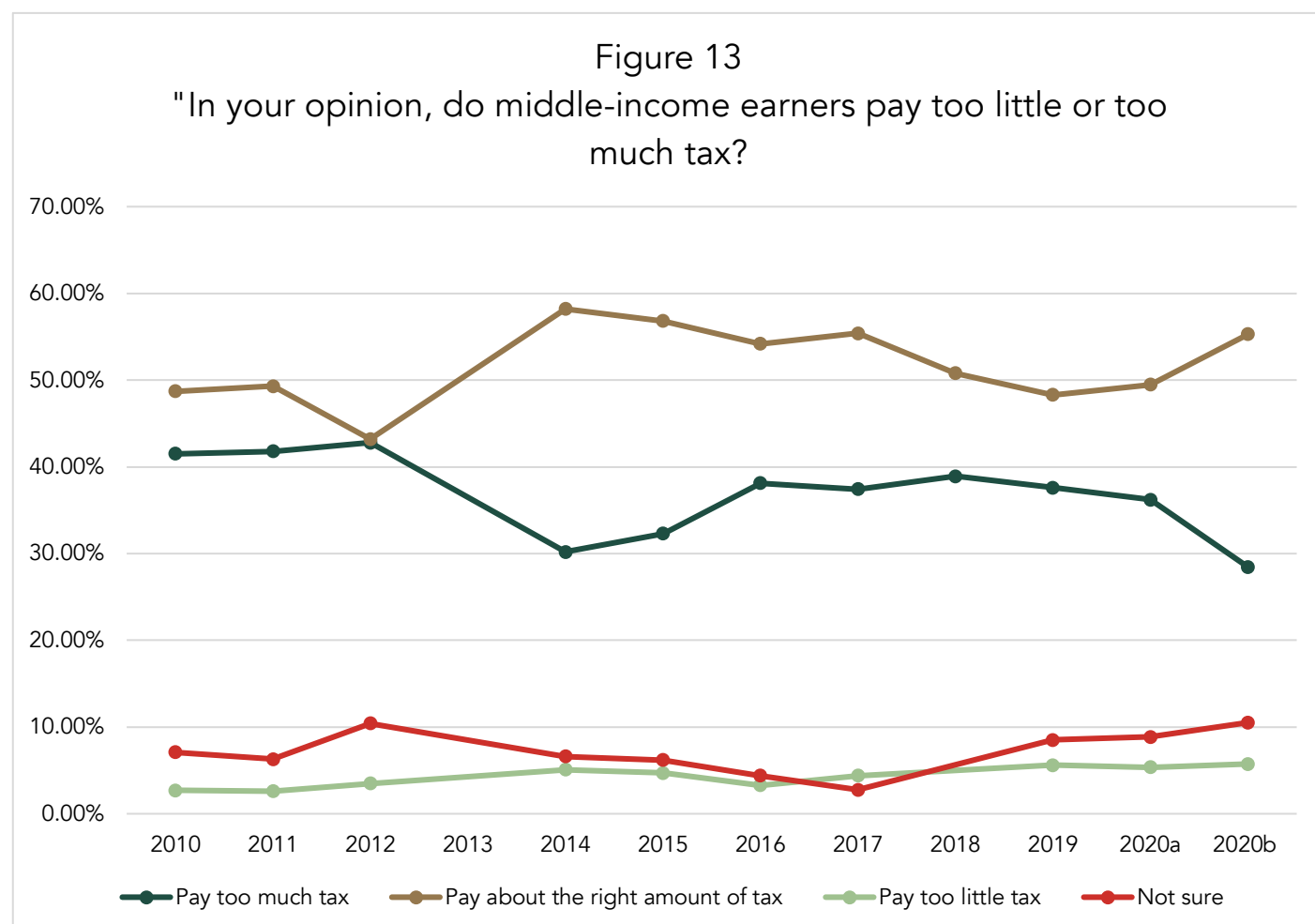
The share who say they pay too little and of those who are unsure have remained statistically consistent since 2019.



After falling for the first time to a minority position (48.3%) in 2019, and holding relatively steady in the February 2020 survey (49.5%), the percentage of respondents who believe that middle-income earners pay about the right amount of tax lifted significantly in August, to 55.3%, which is more in line with the results from the surveys taken between 2014 and 2017 (see Figure 13).



The share who said that middle-income earners pay too much tax dropped from 37.6% to 36.2% between 2019 and February 2020, before falling another 7.8 points to 28.5% in August. Uncertainty on this question has increased slightly, from 8.5% in 2019 to 10.5% in August 2020, but the proportion of those who believe middle income earners pay too little tax has held steady.

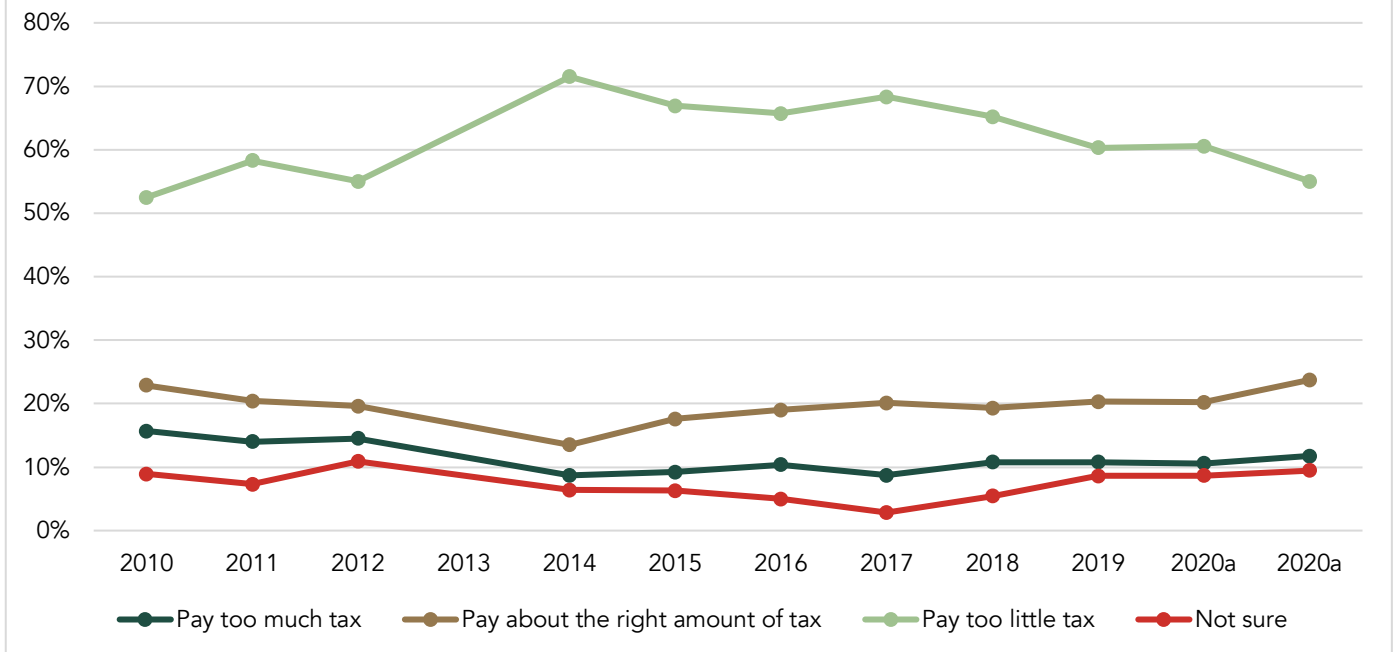


Since the first tax survey was conducted a decade ago, the most strongly held view in this section has been that high-income earners do not pay enough tax and, although there was a 5.5 point drop in this response between February (60.5) and August 2020 (55%), this remains the view of a solid majority of respondents (see Figure 14). It is worth noting, though, that the proportion of Australians with this view has dropped by more than 16 points since the peak of 71.5% in 2014.

Still, less than a quarter of people (23.7%) in August say that high-income earners pay about the right amount of tax – up from 20.2% in February - while just 11.7% believe that they pay too much, up one point since 2019. Uncertainty about this question has been fairly consistent since 2019.

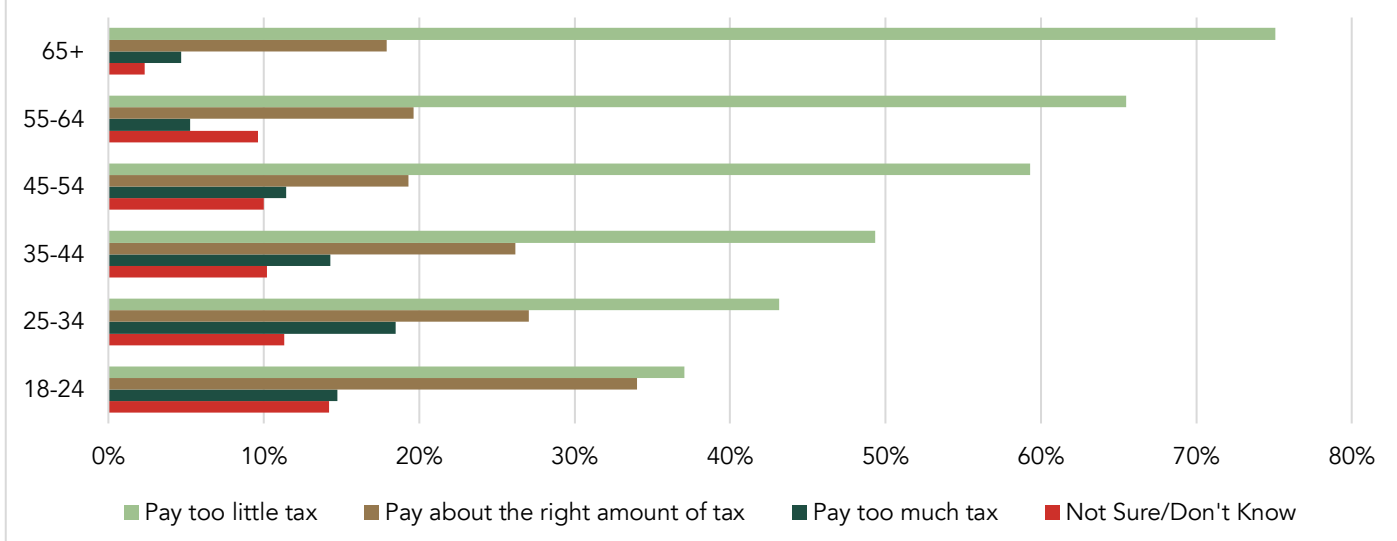
As with previous surveys, we have analysed the gap between those who believe high-income earners pay too much and those who think they pay too little by age, household income and voting intention. For simplicity, we have provided this breakdown only for the most recent survey, that done in August 2020.

Figure 14  
"In your opinion, do high income earners pay...?"



Among 18-24 year olds, the proportion of those who believe high income earners don't pay enough tax has dropped from 42.4% in 2019 to 37.1%, while for 25-34 year olds, the figure has dropped from 45.7% to 43.1%. The sharpest fall was recorded among 35 – 44 year olds: last year, a significant majority of 58.2% said that the tax paid by high income earners was insufficient, but in August that had fallen to 49.3%, the first time this was a minority view in this age bracket.

Figure 15  
"In your opinion, do high-income earners pay too little or too much tax?"  
(respondents categorised by age bracket)



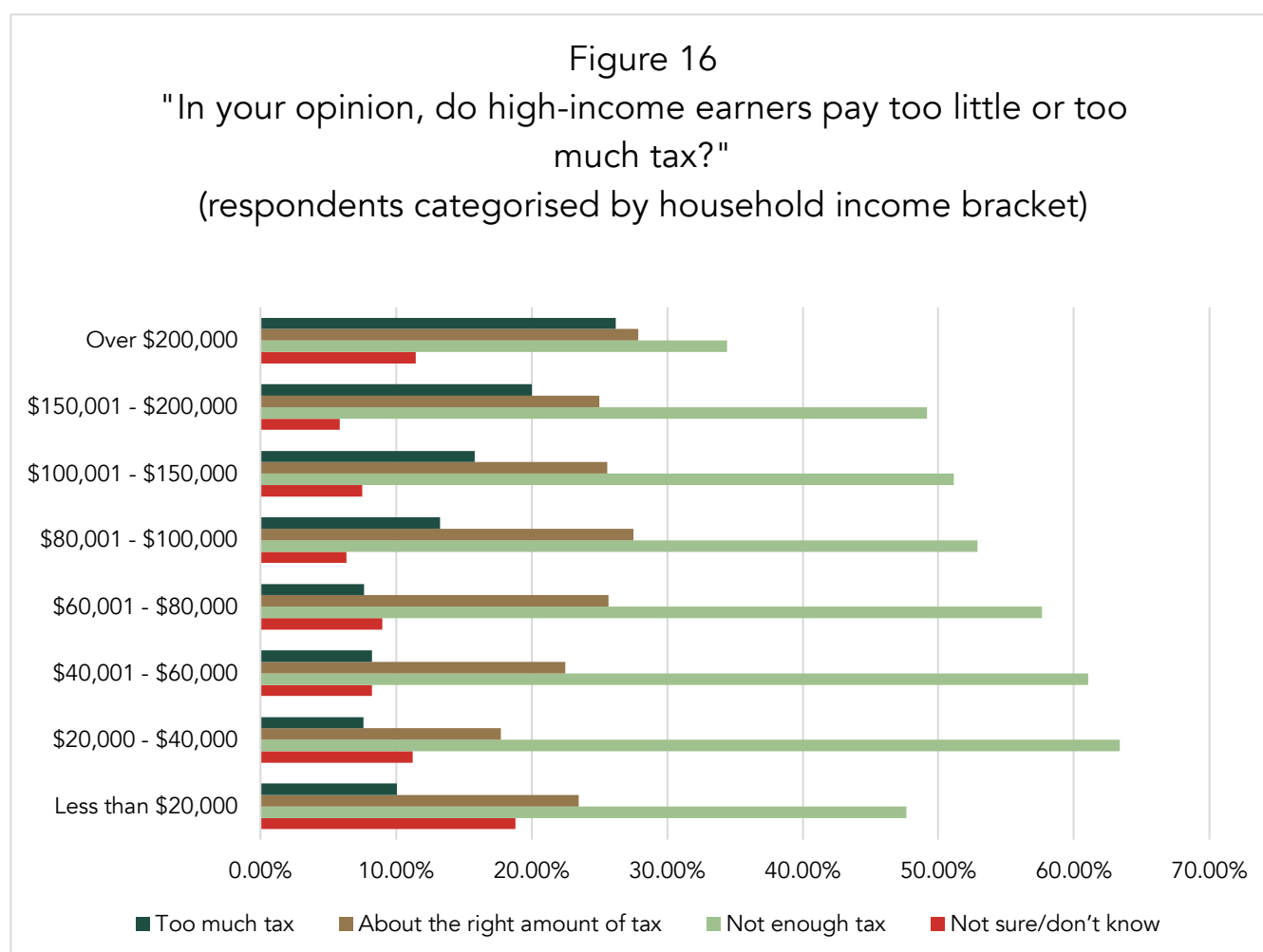
## PER CAPITA TAX SURVEY 2020

The August survey found that 59.3% of 45-54 year olds felt high income earners should pay more tax, down from 67.5% in 2019, while among 55-64 year olds the drop was much higher, a full 12.5 points down from 78% in 2019 to 65.5% in August 2020. The figure has actually increased for those over 65, up from 69.1% in 2019 to 75.1% in August.

A majority of respondents to this question in every household income bracket other than the two highest and very lowest also believed that high-income earners pay too little tax (see Figure 16). Perhaps unsurprisingly, among those earning over \$200,000 per annum, over 1 in 5 respondents (26.2%) believe high income earners pay too much tax, which is not statistically different from 2019 (27.3%). 27.9% of those earning over \$200,000 a year believe they pay about the right amount, while more than a third - 34.4% - believe they don't pay enough.

A majority of all respondents with incomes between \$20,000 and \$150,000 a year believe that high income earners don't pay enough tax, ranging from 51.1% of those earning between \$100,001 to \$150,000 per annum to 63.4% of those earning between \$20,000 and \$40,000 a year.

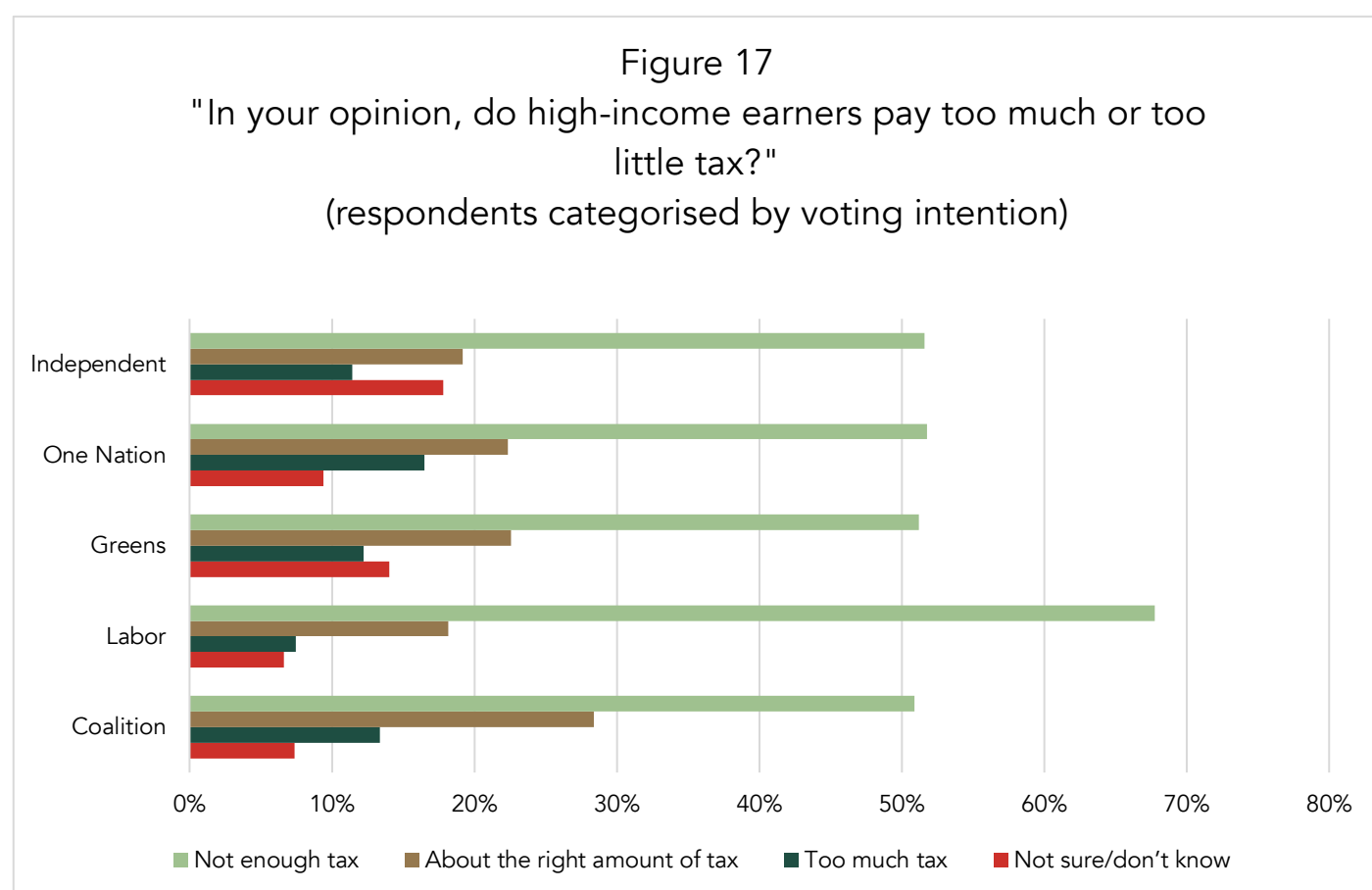
Among those earning between \$150,001 and \$200,000 this figure is just short of a majority, at 49.2%, while 47.7% of very low income earners (under \$20,000 a year) believe that high income earners didn't pay enough tax. At 18.8%, this group also had the highest level of uncertainty on this question, which may reflect a relative lack of understanding of the tax base, possibly among younger people working part time.



We also analyse the responses by voting intention at the next Federal election (see Figure 17). A majority of all voters believe that high income earners pay too little tax, including a bare majority of Coalition voters – 50.9%, up from 46.3% in 2019. More than two-thirds of Labor voters (67.8%) would like to see high income earners pay more tax, along with just over half of those who intend to vote for the Greens (51.2%), One Nation (51.8%) and Independents/Others (51.6%).

Coalition voters are the most likely to say that those at the top of the income scale pay about the right amount of tax (28.4%) while 13.3% say they pay too much. Only 7.4% of Labor voters believe high income earners pay too much tax, and 18.2% believe their tax contribution is about right.

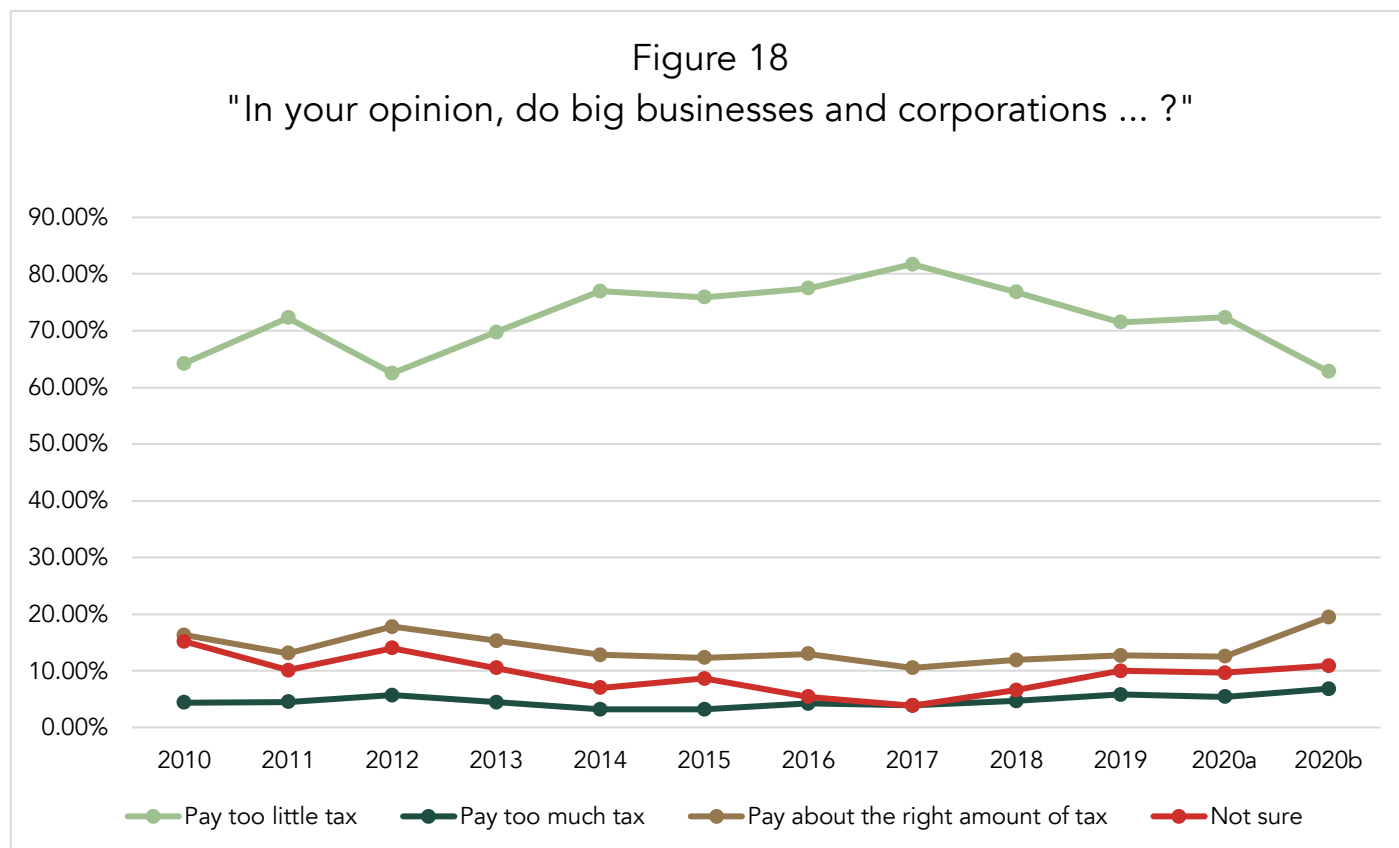
Interestingly, as in 2019, the closest alignment in views on this question is between voters for the Greens and One Nation, although Greens voters are more likely to be uncertain by 4.8 points more than voters for One Nation. Uncertainty is highest, at 17.8%, among those who intend to vote for Independent or Other candidates.



After examining attitudes to personal income taxes, the Survey then looks at public attitudes towards tax paid by business.

While a strong majority (62.8%) still said in August that big businesses and corporations don't pay enough tax, this result was down almost 10 percentage points since February (72.4%) and almost 20 points since 2017 (81.7%) to its lowest share since 2012 (see Figure 18).

There was a 7 point lift in the proportion of respondents who said that big businesses paid the right amount of tax, from 12.5% in February, which was consistent with the 2019 survey, to 19.5% in August, while the share that said they pay too much was up by 1.4 points over the six months, from 5.4% to 6.8%. The number of respondents who were unsure about this question in August remained consistent with the findings from February and from 2019, at 10.9%.



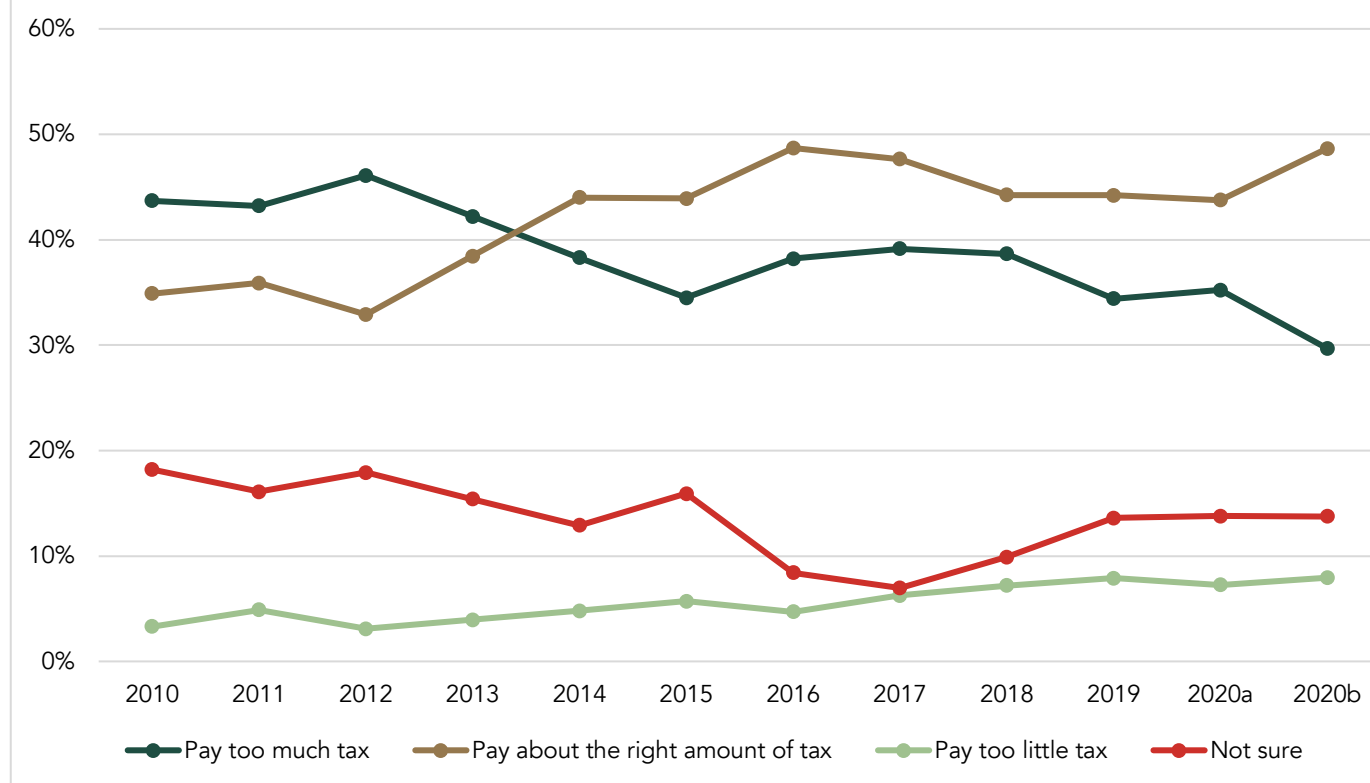
Results from previous surveys have demonstrated that Australians view the tax paid by small business differently than they do that paid by large corporations (see Figure 19). The proportions of respondents who, in August 2020, believed that small businesses pay too little tax (7.9%) or who are unsure (13.7%) were consistent with the views held in February, and in 2019.

There was a drop of just over four percentage points in the share of those who believe small businesses pay too much tax, from 38.7% last year to 34.4%, and a lift in the proportion of respondents who said they weren't sure, from 9.9% in 2018 to 13.6% this year.

Among those who think small business pay too much tax, there was a drop of 5.5 points between February, when the figure of 35.2% was not statistically different to that found in 2019, and August, when only 29.7% still thought small business paid too much tax. This change is reflected almost entirely in the lift in the proportion of those who think the tax paid by small business is about right, up from 43.8% in February (again, broadly consistent with the 2019 result) to 48.6% in August.

Figure 19

"In your opinion, does small business pay too little or too much tax?"



The final question in this section of the Survey asks respondents whether they think corporate tax avoidance affects the fairness of the tax system (see Figure 20). Throughout the 10 year history of the Survey, a significant majority of people have responded that it does.

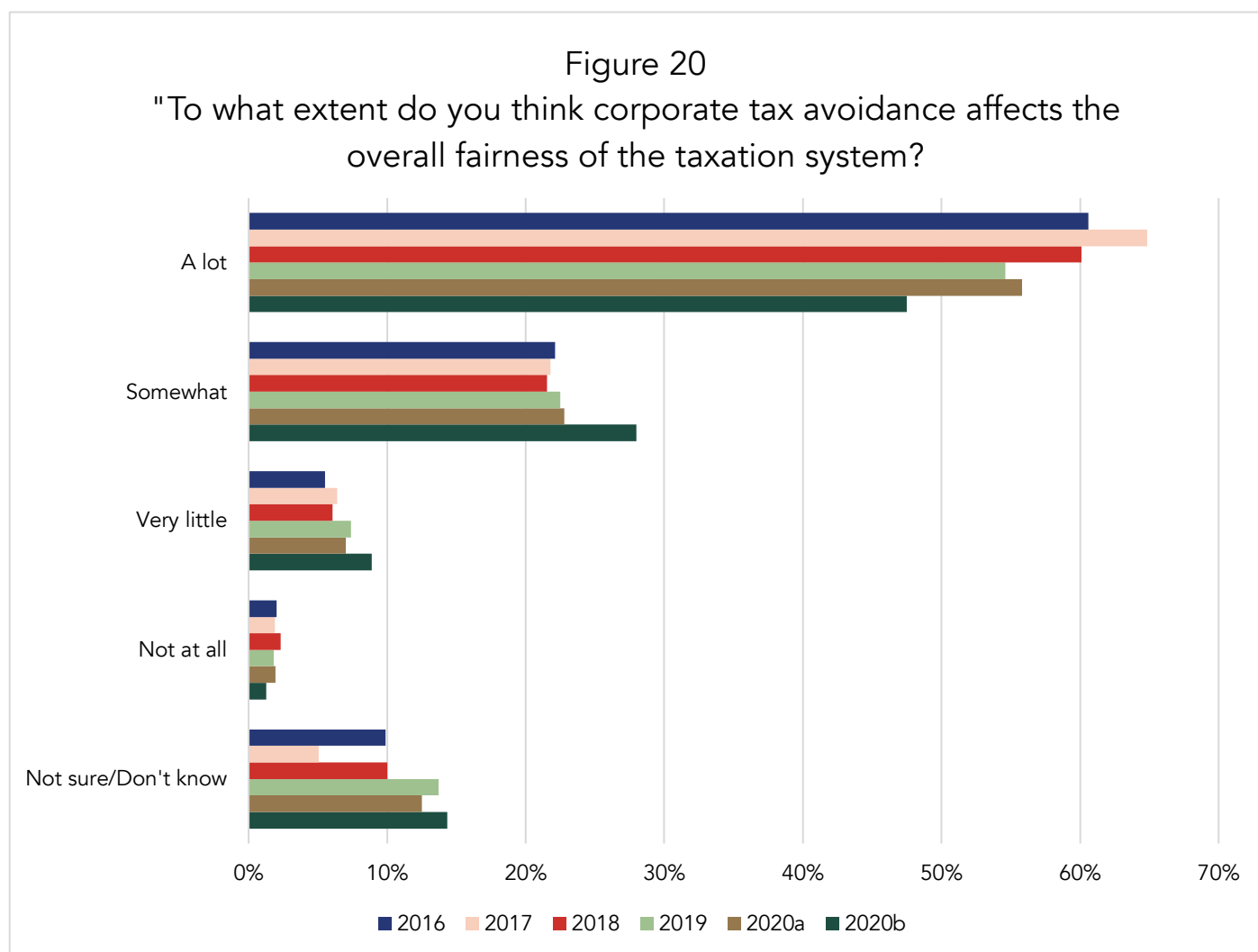
The August 2020 Survey reveals a similar finding, in that a total of 84.4% of respondents believe that corporate tax avoidance affects the fairness of Australia's taxation system to some degree. However, there have been some shifts between the categories that indicate to what extent people feel this to be true.

In all previous surveys, a majority of respondents have said that tax avoidance by big business affects the fairness of the tax system a lot. This was true also in February 2020, with 58.8% recording this response, up 1.2 points from the 2019 result. By August, though, this majority had been lost, with 47.5% indicating that they thought fairness was affected a lot by corporate tax avoidance, a drop of 8.3 points.

This is reflected in a 5.2 point increase between February and August in the proportion of those who said that corporate tax avoidance affects the fairness of taxation somewhat, which is now 28%; and in smaller increases in the percentage of those who said it affects fairness a little (up 1.9 points since February to 8.9%) and among those who were unsure (up 1.8 points to 14.3%).

Only 1.3% of respondents does not believe that corporate tax avoidance affects the fairness of Australia's taxation system.





In previous surveys, when we have broken responses to this question down by voting intention, we found that at least three quarters of respondents in every voter group believed that corporate tax avoidance affects the fairness of the taxation system either somewhat or a lot. In August 2020, though, that is true only for those who vote for the Coalition or Labor parties (See Figure 21).

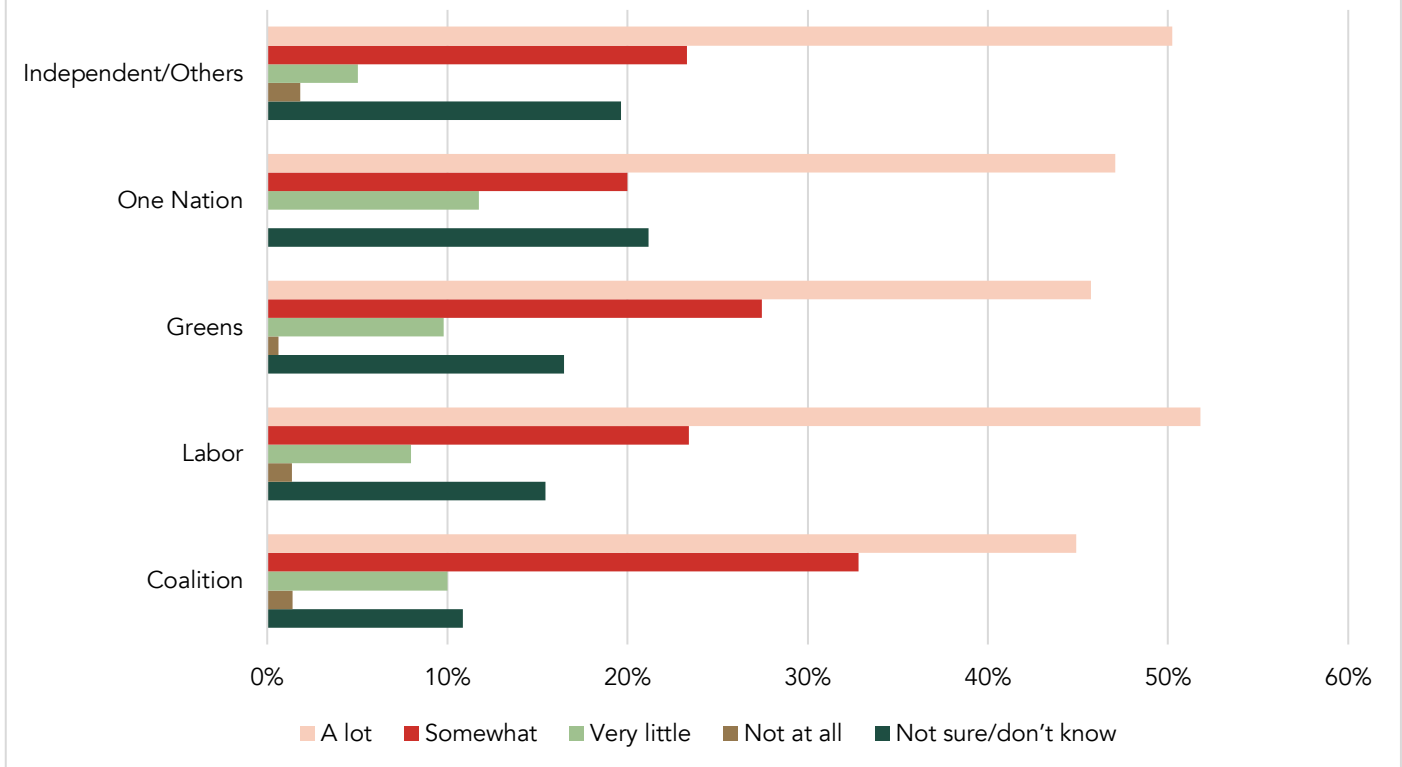
51.8% of Labor voters think tax avoidance by big business affects fairness in the tax system a lot, while 23.4% say it does so somewhat, for a total of 75.2%, while among Coalition voters, 44.9% believe fairness is affected a lot, and 32.8% somewhat, by corporate tax avoidance, for a total of 77.7%.

Of Greens voters, 45.7% believe corporate tax avoidance affects fairness in the tax system a lot, while 27.4% say it does so somewhat, for a total of 73.17%, while among One Nation voters, 47.1% say fairness is affected a lot by tax avoidance, and 20% say it is affected somewhat, for a total of 67.1%. A majority of voters who support independent or other candidates, at 50.2%, believe tax avoidance by big business affects the fairness of Australia's tax system a lot, and 23.3% say it affects it somewhat, giving a total of 73.5%.

Around one in five of voters for independents and One Nation are unsure about this issue, compared to 1 in 10 Coalition voters, while 16.5% of Greens voters and 15.4% of Labor voters are uncertain of their views.

Figure 21

"To what extent do you think corporate tax avoidance affects the overall fairness of the taxation system?  
(Respondents categorised by voting intention)



Throughout the decade-long history of the Tax Survey, respondents have demonstrated significant concern about the fairness of Australia's tax system. Around three quarters of Australians think that corporate tax avoidance is negatively affecting the fairness of tax in Australia, and that big business doesn't pay its fair share. By contrast, almost half of Australians are comfortable with the level of tax paid by small business.

A strong majority also believes that high income earners don't pay enough tax, although this finding has fallen significantly over the last three years.

## Section IV: Current Issues in the Policy Debate

The fourth part of the Survey canvasses public views about issues in the current public policy debate. In 2019, we have retained questions from previous years' surveys that cover negative gearing, retirement incomes, the so-called "Buffet Rule" to cap tax deductions for high-income earners, and the question first posed in 2019 about support for an increase in the rate of unemployment benefit (JobSeeker), previously known as Newstart).

We have removed the question from 2018 and 2019 seeking views on company tax cuts, as these are no longer active government policy, and have instead asked for respondents' views on Stage 3 of the personal income tax cuts that were legislated in August 2019.

As we did in 2019, we have broken responses to all the questions about current policy issues down by voting intention.

### Retirement incomes

The issue of how to fund future retirement incomes has been at the forefront of policy debate over the last year, as the federal government commissioned an independent Retirement Incomes Review (RIR). At the time of writing, the final report from the review has yet to be released, while political arguments about the role of Australia's system of universal superannuation are growing heated.

The government's move to allow early access to super for people experiencing income loss due to the COVID-19 recession has arguably undermined super's fundamental purpose as a retirement savings scheme. Exacerbating the potential damage to the superannuation system further still, a growing chorus of voices, from within government and across a number of non-government bodies, is calling for a further halt in the legislated increase in the rate of the superannuation guarantee (SG), or for legislative change that would make employer superannuation contributions optional for lower-income workers.

Those who support a higher rate of SG include the ALP, industry super funds, some independent commentators, and the union movement. They variously cite the need to save more for retirement due to increased longevity, and the growing rate of insecure employment across the economy, which sees more workers, especially women and young people, out of the labour force for longer periods and with reduced capacity to save.

Opponents cite the high cost of the super system, due to excessive fees and charges and significant tax concessions that mainly benefit high income earners, while some critics argue that a higher rate of the age pension is a preferable solution for low income workers.

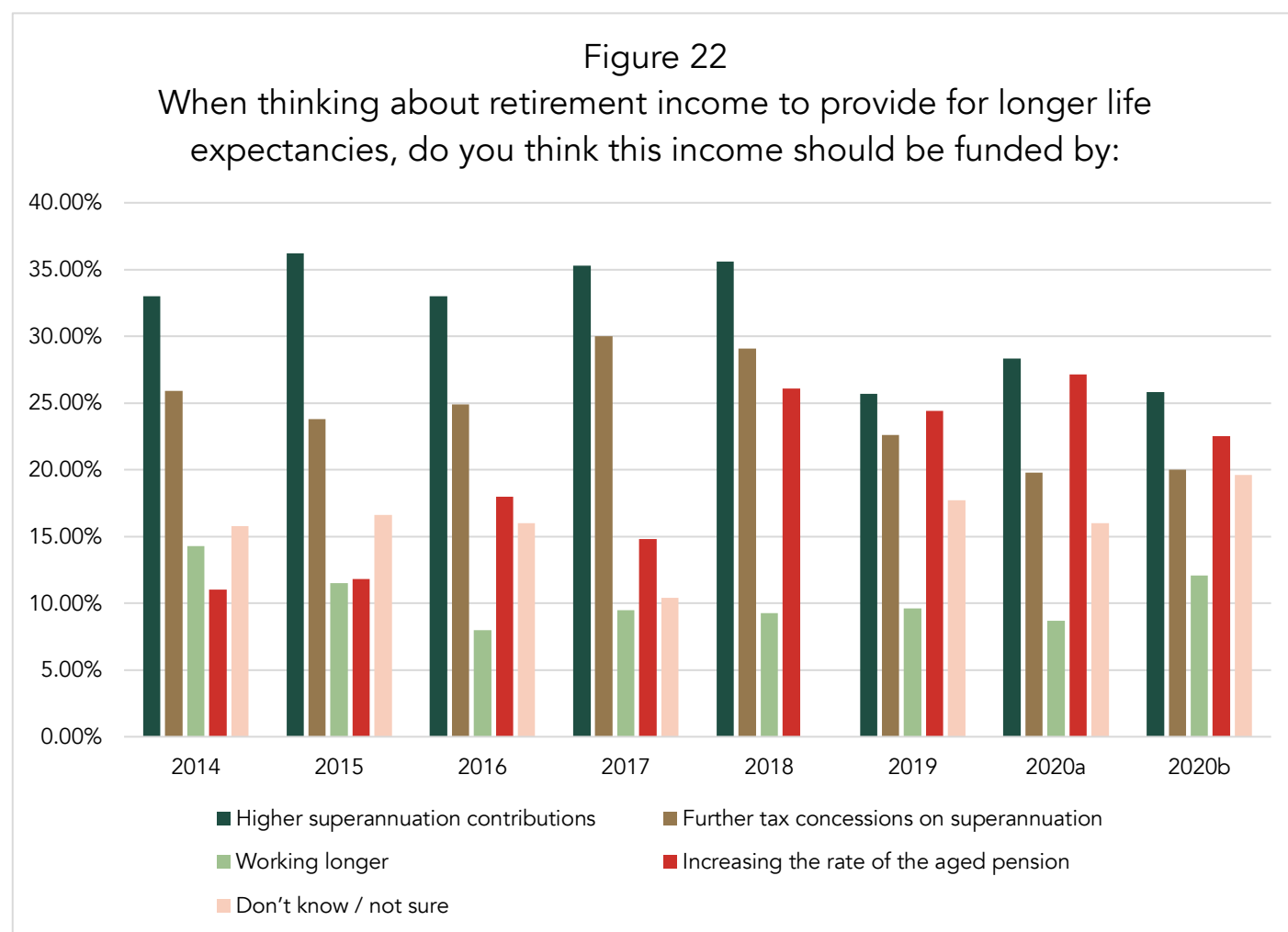
In the face of this increased public debate, the Survey's long-standing question about retirement incomes, which asks people how they believe we should be increasing retirement incomes to pay for longer life expectancies, reveals some interesting findings (see Figure 22).

Perhaps reflecting the polarized nature of the debate playing out between different sides of politics, the proportion of respondents who indicated they were uncertain about this issue rose to 19.6% in August, up by 3.6 points from February.

The same proportion of respondents, 25.8%, opt for increasing the rate of superannuation contributions when asked for their preferred method by which to increase retirement incomes. As the choice of 1 in 4 respondents, this remains the most popular option for increasing retirement incomes.

With a fall of 4.6 points since February, 22.5% of respondents want to see a higher rate of the age pension, while 20% believe further tax concessions on superannuation will help them save more for retirement, virtually unchanged from the result six months earlier.

Just 12.1% believe people should work longer to address the issue of higher income needs due to increased longevity, although this is up by 3.4 points since February.



When we break the August survey findings down by voting intention, we see some interesting differences in views between respondents according to their political persuasion (see Figure 23).

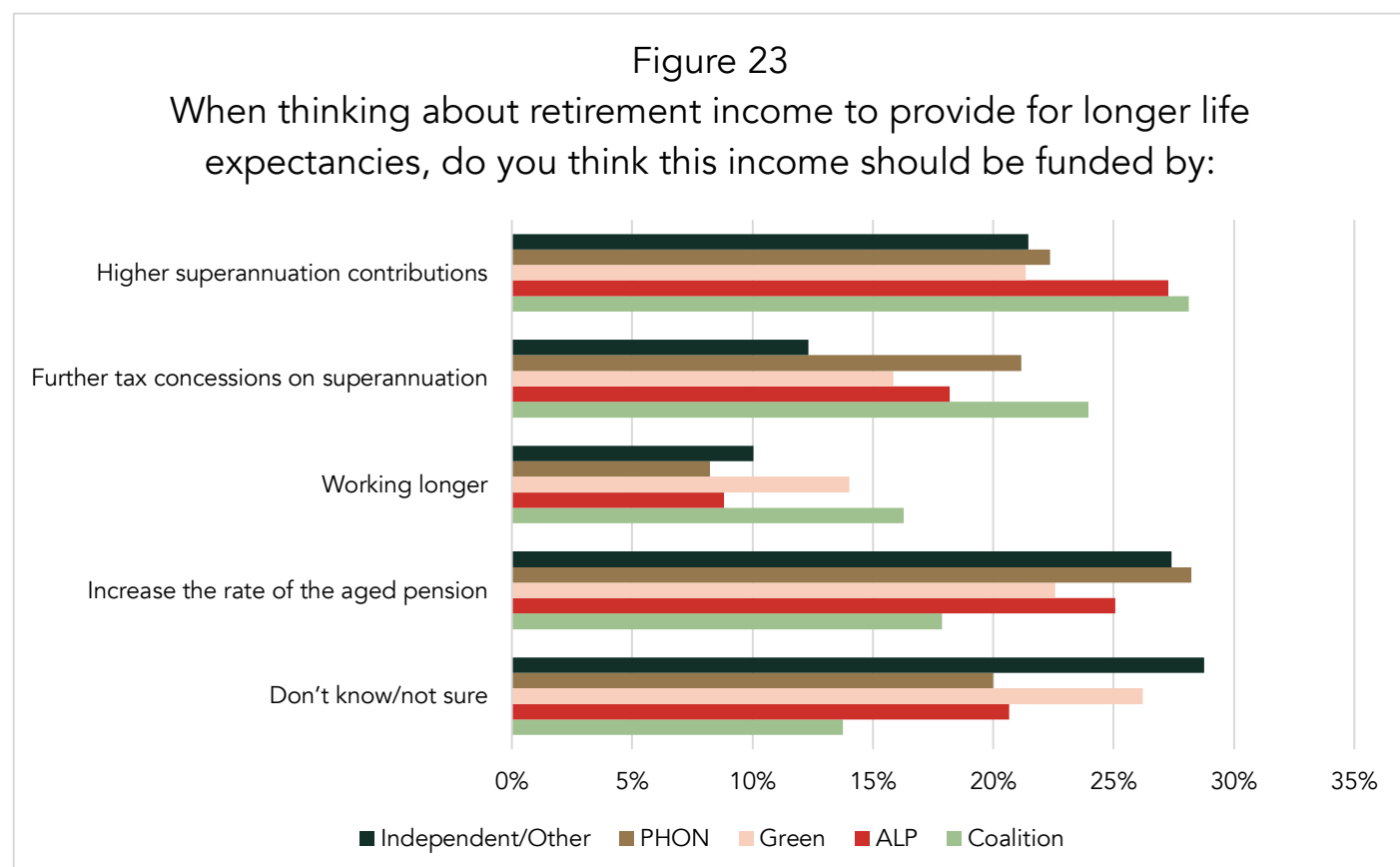
Among people who intend to vote for One Nation, increasing the rate of the age pension is by far the most popular option to support better retirement incomes, with 28.2% of responses. 20% of One Nation voters are unsure about this question, while the number that opts for higher superannuation contributions is 22.3%. 21.2% would like to see further tax concessions on super and just 8.2% believe people should work longer, the lowest level of support for this option among different voting cohorts.

A similarly low number of Labor voters, just 8.8%, think working longer is the best solution to increased retirement income needs, while 20.7 of these voters are uncertain about the best choice to lift retirement incomes. 27.3% of people who vote for the ALP would prefer to see higher super contributions, while 25.1% opt for an increase in the rate of the age pension. Fewer than 1 in 5 Labor voters (18.2%) want to see more super tax concessions.

Interestingly, given the positions of the major parties in the current policy debate, the strongest level of support for higher super contributions comes from Coalition voters, at 27.8%, while a further 24.1% would like more tax concessions on super. At 14.3%, support for working longer is highest among this cohort, who also record the lowest level of support for increasing the rate of the age pension (19%) and are the least likely to be unsure of their view (14.7%).

Among Greens voters, the most popular choice is increasing the rate of the age pension but, at 22.6%, this is only slightly higher than the proportion who opt for higher super contributions (21.3%). More than a quarter – 26.2% - of Greens voters are uncertain about this issue, while 21.2% support further tax concessions on super. At 14%, almost as many people who vote Green say the solution to higher income needs in retirement is to work longer as do Coalition voters.

By far the highest rate of uncertainty in relation to this question is among people who intend to vote for independent or other candidates, where the proportion who responded that they were unsure was 28.8%. Of those who did make a choice, 27.4% opted for increasing the rate of the age pension, while 21.5% preferred higher superannuation contributions. At 12.3%, further super tax concessions found its lowest level of support among independent voters, while just 10% of them said people should work longer to support their retirement incomes.



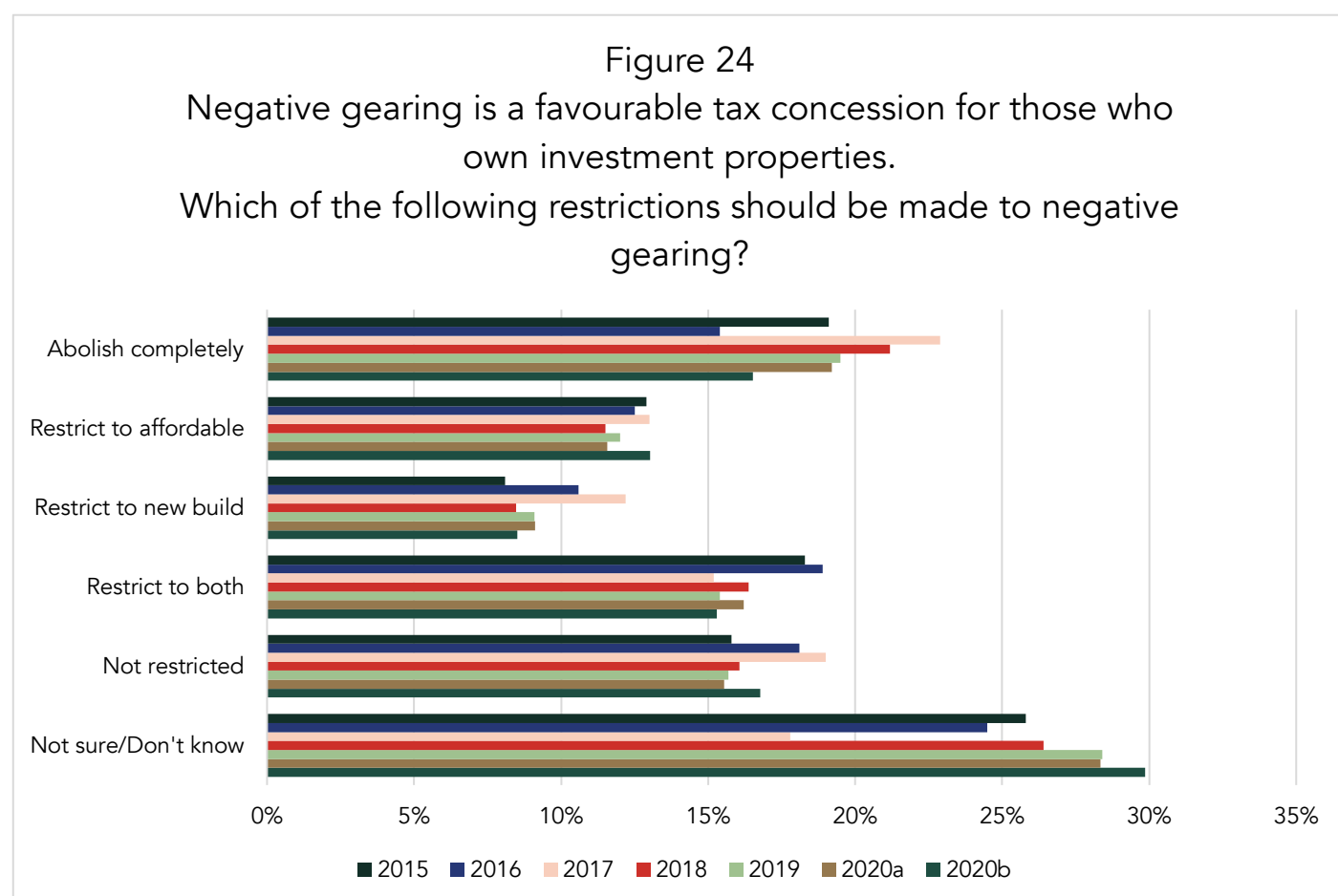
## Negative gearing

For the sixth year, the 2020 Tax Survey asked respondents which, if any, changes they would like to see made to negative gearing (see Figure 24). While this issue has faded from public debate since the federal election in 2019, the issue of housing affordability is a persistent social problem and presents an ongoing challenge to policy makers. For this reason, we have elected to keep this question in the survey.

Views on negative gearing have been broadly consistent over the last six years, but uncertainty about this issue has risen to a record 29.9% in August 2020. There was a statistically significant change between February and August 2020 in the proportion of respondents who believed negative gearing should be abolished completely (down from 19.2% in February, which was consistent with the 2019 findings, to 16.5% in August). The proportion who said it should remain unrestricted experienced a small increase (up from 15.6% in February, again consistent with 2019, to 16.8% in August). These were the most popular individual responses in August 2020, of those respondents sure of their position.

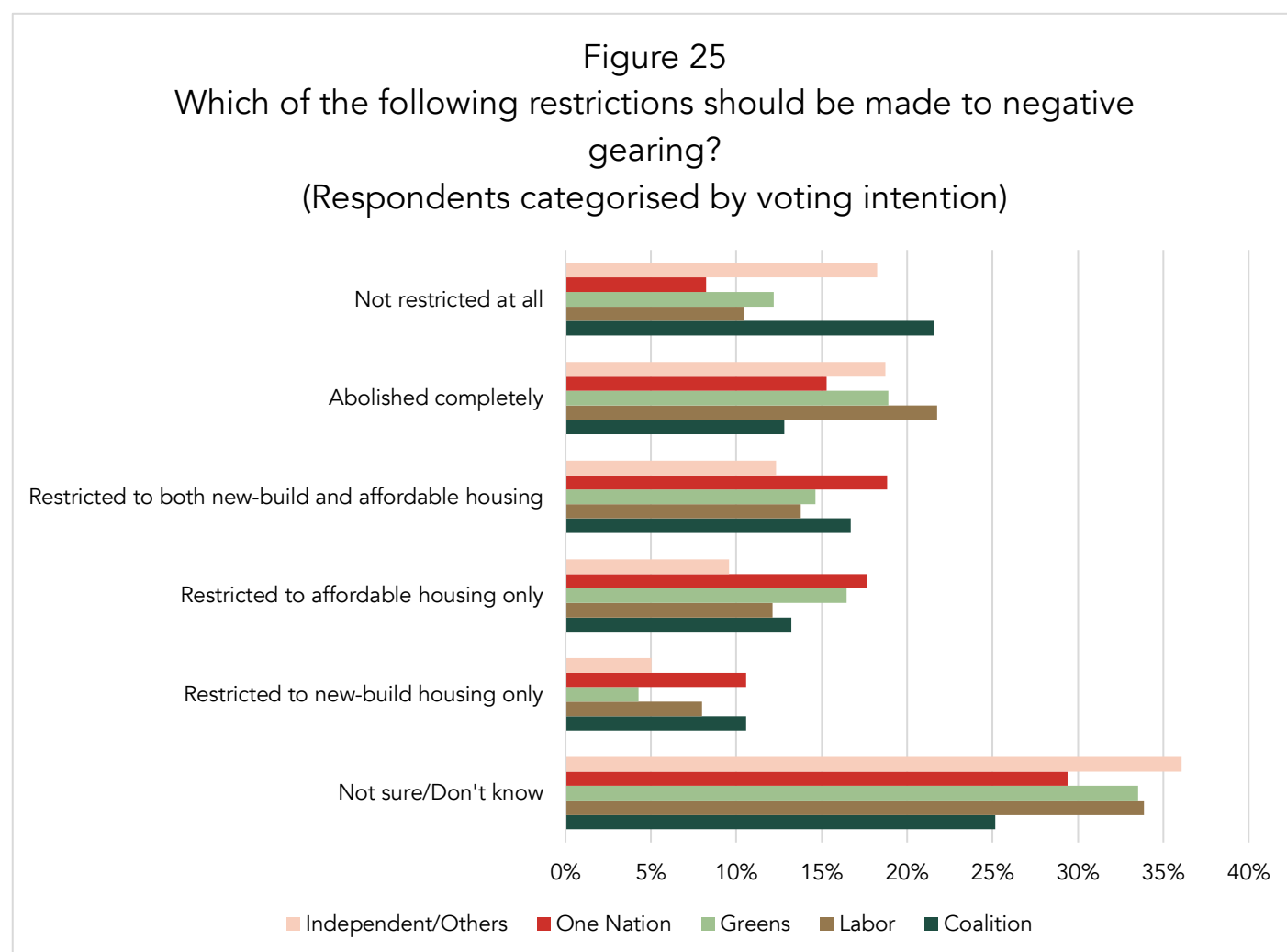
The proportion of respondents who believe negative gearing should be restricted in some way is a total of 36.8% of respondents, with 13% of respondents saying it should be restricted to affordable housing, 8.5% saying it should be restricted to new builds, and 15.3% opting for both.

These figures are broadly in line with the findings of the 2019 and February 2020 survey and, combined with the 16.5% of those who believe negative gearing should be abolished completely, reveal majority support of 53.3% for some level of restrictive changes to current negative gearing policy.





We have, as in previous years, broken down the responses to this question by voting intention. Figure 25 shows this breakdown for the survey responses in August 2020, and the results show clear differences in views along political lines.



ALP voters are far more uncertain about this policy position now than they were in the lead up to the 2019 election, with an increase in the proportion of those who said they were unsure of 9.7 points, to 33.9% in the August survey. Only those who intend to vote for independent candidates have higher levels of uncertainty, at 36.1%, while Greens voters are similarly unsure at 33.5%, which is statistically consistent with the findings from 2019. Coalition voters are the most decided, with only one in four (25.2%) responding as unsure of their view.

One in five (21.5%) Coalition voters do not want to see negative gearing restricted at all, compared to just one in ten (10.5%) ALP voters and 12.2% of Greens voters. Leaving negative gearing policy unrestricted is least popular among those who intend to vote for One Nation (8.2%), while voters for independent candidates are almost as supportive of existing arrangements, at 18.3%, as are Coalition voters.

Just as many independent voters, though, want to see negative gearing abolished completely (18.7%), as do 15.3% of One Nation voters. At 21.8%, this is by far the most popular view among ALP voters, and those who vote for the Greens (18.9%), while just 12.8% of Coalition voters support the complete abolition of negative gearing.

At 18.8%, restricting negative gearing to affordable and new-build housing the is most popular option amongst One Nation voters, and the most favoured change of any proposed among Coalition voters (16.7%). This option is favoured by 13.8% of ALP voters, 14.6% of Greens voters, and 12.3% of those who intend to vote for independent candidates.

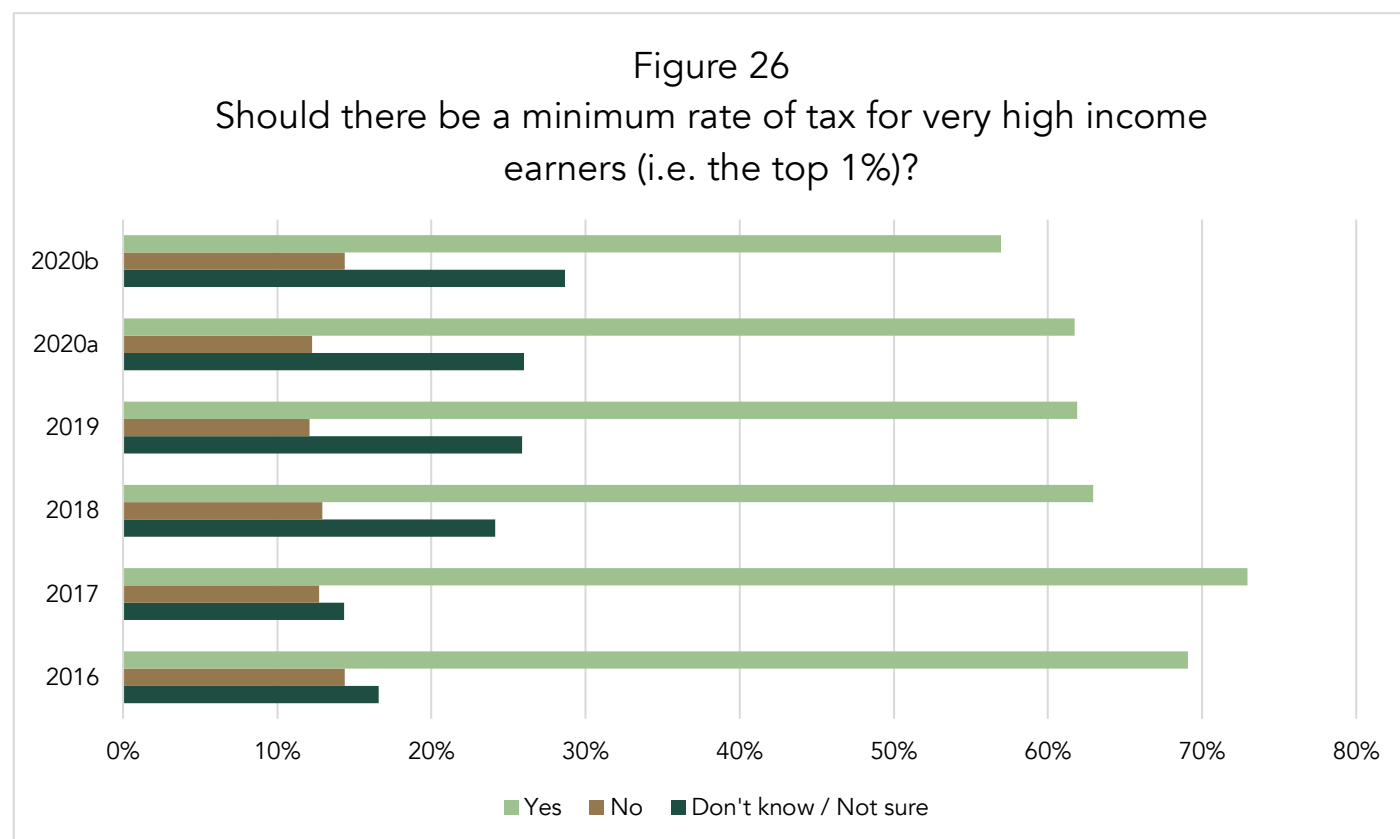
## A 'Buffett Rule'

The Buffett Rule is named after American billionaire investor Warren Buffett and proposes that high-income earners should not pay a lower share of their income in tax than low and middle-income earners do. It is essentially a deductions cap: a simple measure by which tax law creates a floor under which high-income earners are unable to reduce their taxable income via deductions or other legal measures.

Since 2016, we have asked respondents to the Tax Survey whether there should be a minimum overall tax rate for very high-income earners, defined as the top 1% of earners (see Figure 26). The proposal has enjoyed majority support over the five years we have asked this question, although the figure has declined significantly since its peak of 72.9% in 2017.

Results from the February 2020 survey were virtually the same as those from 2019, with 61.7% of respondents supporting a Buffett Rule, up 0.2 points. 12.3% of respondents were opposed (12.1% in 2019) while 26% were unsure (25.9% in 2019).

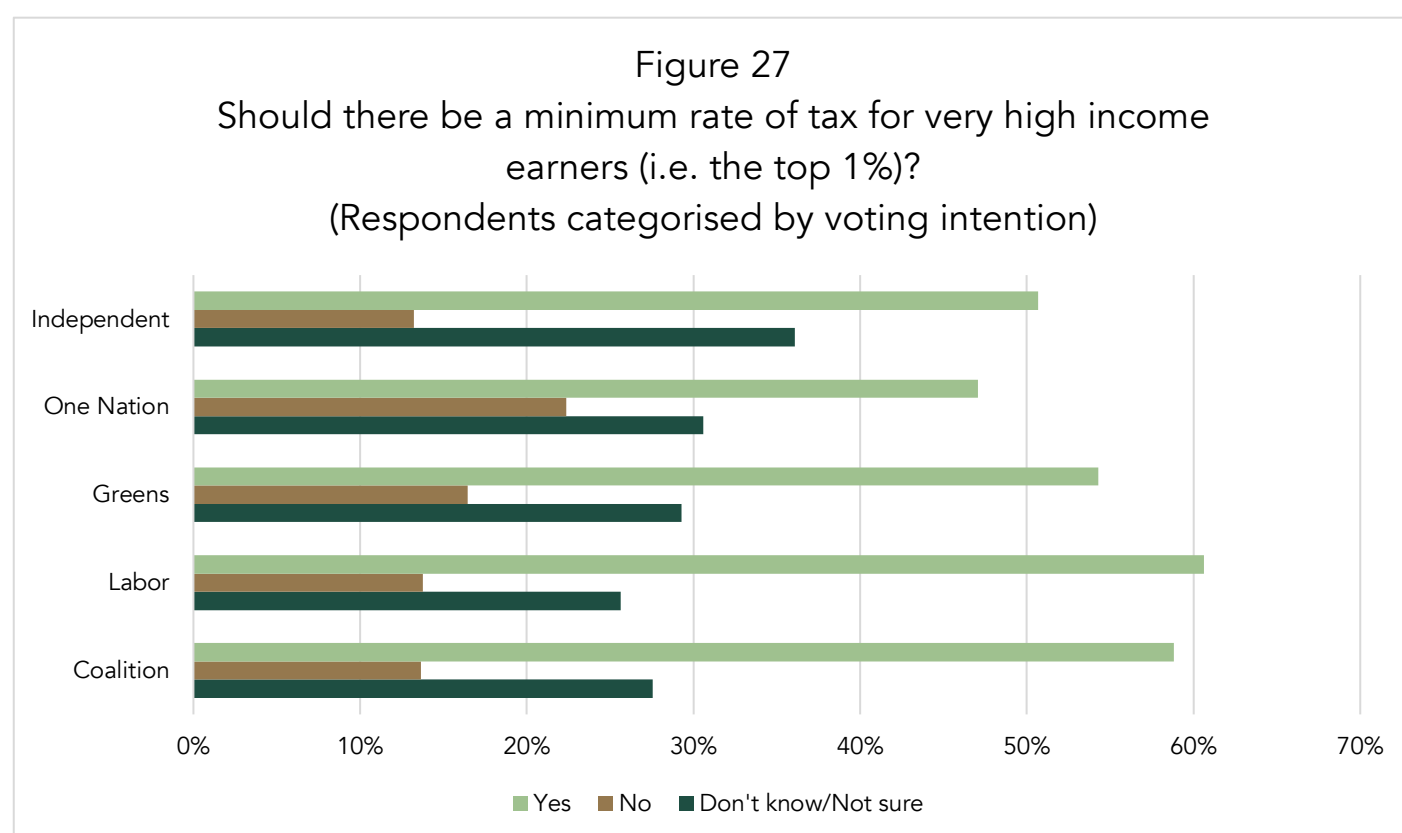
By August, support for a Buffett Rule had dropped to 57%, while uncertainty had grown to 28.6%. The proportion of those saying they opposed the idea was 14.4%.



When we break the results for this question from the August survey down by voting intention, we see that there is majority support for a Buffett Rule among voters for all the major parties and independents, but support among One Nation voters falls just short of a majority, at 47.1% (see Figure 27).

60.1% of ALP voters support a Buffett Rule, compared to 58.8% of Coalition voters, 54.3% of Greens voters and 50.7% of those who intend to vote for an independent or other candidate. Uncertainty is highest among the latter group, at 36.1%, followed by One Nation voters at 30.6% and Greens voters at 29.3%. 27.5% of Coalition voters are unsure about this question, as are 25.6% of those who vote for Labor.

Opposition to the idea is strongest among One Nation voters, 22.3% of whom say there should be no floor under which high income earners can reduce their tax liability. Opposition is significantly lower for other voter preferences, with a similar rate for Coalition (13.6%), independent (13.2%) and ALP (13.8%) voters. Among Greens voters, 16.5% are opposed to introducing a Buffett Rule.



## The rate of JobSeeker/Newstart

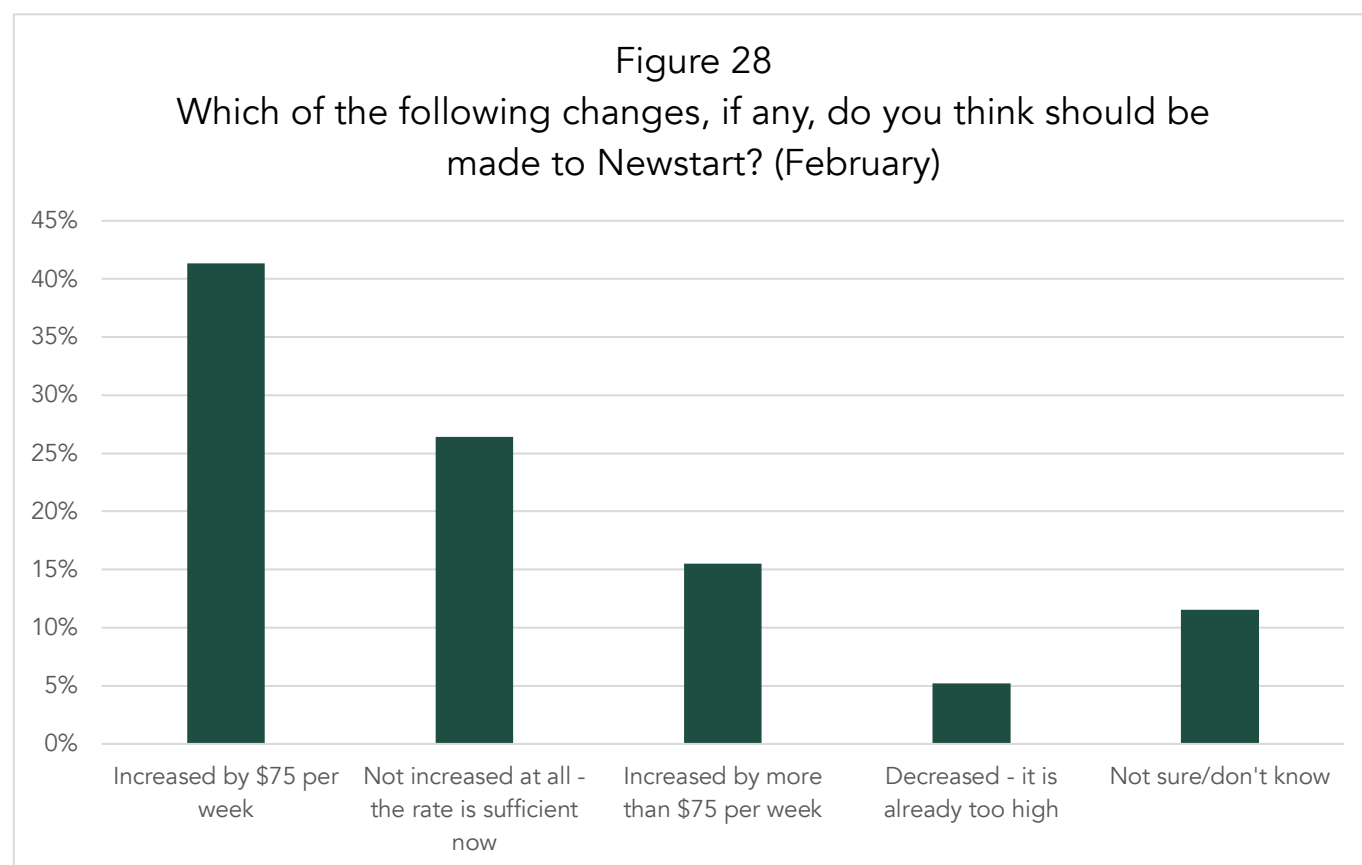
For the first time in 2019, we included a question in the Survey asking respondents for their views on the rate of the unemployment benefit, then known as Newstart. The lead up to that year's federal election had seen strong campaigns by advocacy organisations, led by the Australian Council of Social Service (ACOSS), to persuade the government to increase the rate of Newstart by \$75 per week.

The 2019 Survey found that a bare majority, 51.9%, of respondents, supported increasing Newstart by at least \$75 per week, with 39.9% supporting ACOSS's call for a \$75 increase and 12% believing it should be

lifted by even more. More than a quarter of respondents, 26.9%, said the rate was sufficient as it was, while 6% believed it was too generous and should be decreased. 15.1% of respondents were unsure.

When we repeated this question in February 2020, the findings showed a slight increase in support for a higher rate of Newstart, with 41.3% of respondents saying it should go up by \$75, and 14.5% calling for an even greater increase, for a total support for a rate rise of 55.8% (see Figure 28).

More than 1 in 4 respondents, though – 26.4% - believed the rate was sufficient as it was, while another 5.2% felt it was too high and should be decreased. 11.5% of respondents were unsure.



Following the shock of the COVID-19 pandemic, and a sudden spike in unemployment across the country, the federal government implemented a 'Coronavirus supplement', effectively doubling the rate of Newstart, which it also renamed as JobSeeker.

The original supplement, which provided an additional \$550 per fortnight to recipients of the income support payment, came into effect in late April, and is scheduled to continue until late September, at which time it will be reduced by \$300 to \$250 a fortnight. At the time of writing, indications from government are that the supplement will be removed altogether at the end of 2020, returning JobSeeker to the original rate of the Newstart allowance, just \$546 per fortnight.

Since the introduction of the supplement in April 2020, ACOSS has changed its campaign for an increase in the rate to call for the full supplement to be made permanent, effectively lifting its demand by \$200 a week, from the previous campaign's call for a \$75 increase to campaign for a boost of \$275 a week.

In light of the significant changes to the rate of unemployment benefit between the February survey and that conducted in August, we changed the question posted to Survey respondents to reflect the different demands of advocates, and the various options that might be considered by government to permanently increase the rate of JobSeeker.

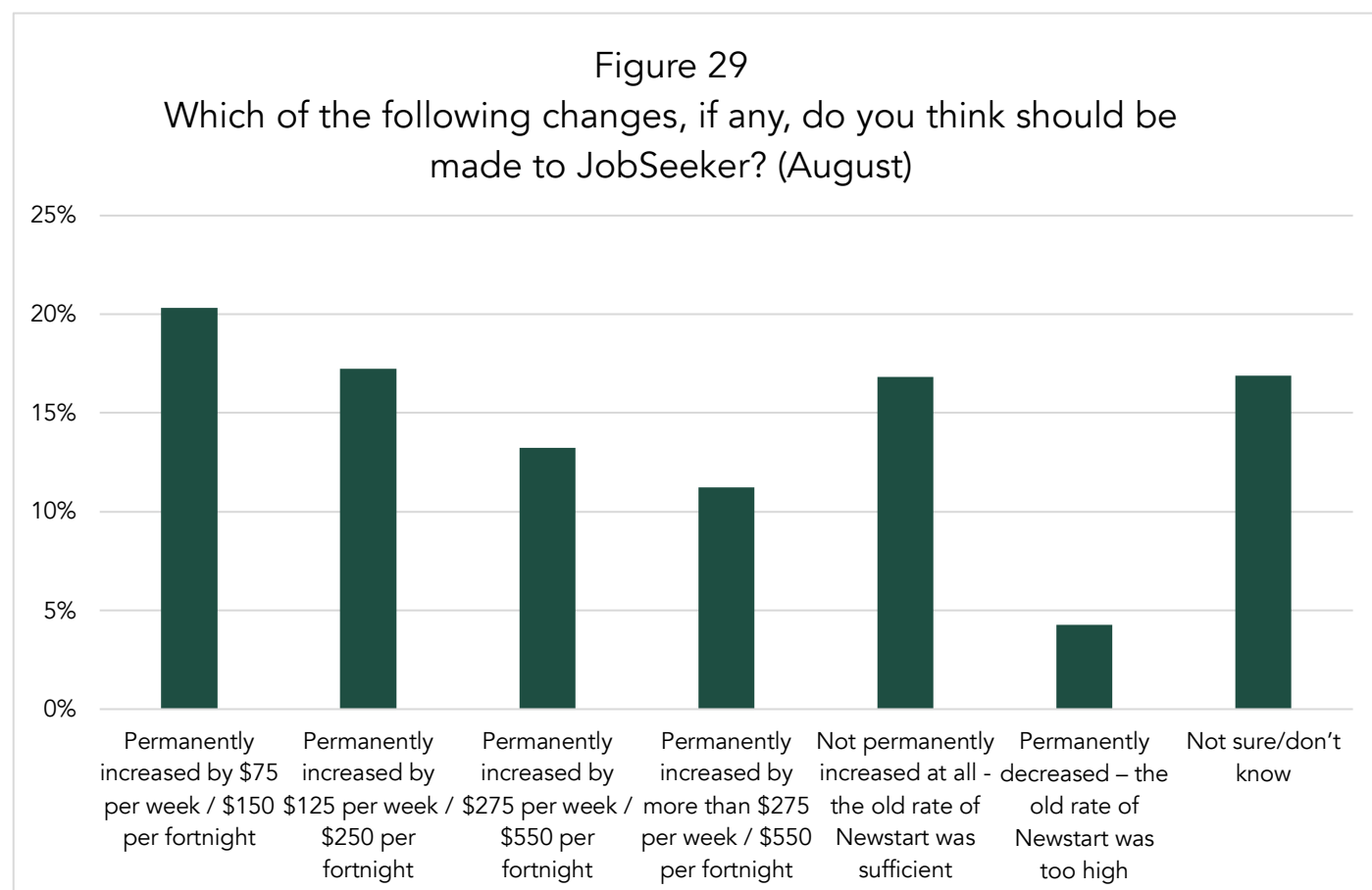
The findings from the August survey show a significant shift in public views towards the rate of unemployment benefit (see Figure 29).

The proportion of respondents who believe the old rate of Newstart was sufficient has collapsed by almost 10 points, to 16.8%, while the percentage of those who believe it was too high has fallen by 0.9 points to 4.3%. Uncertainty has increased by more 5.4 points since February, to 16.9%.

Support for an increase of at least the original ACOSS request of \$75 a week is now at 62%, but respondents are divided about exactly how much the permanent lift in the benefit should be.

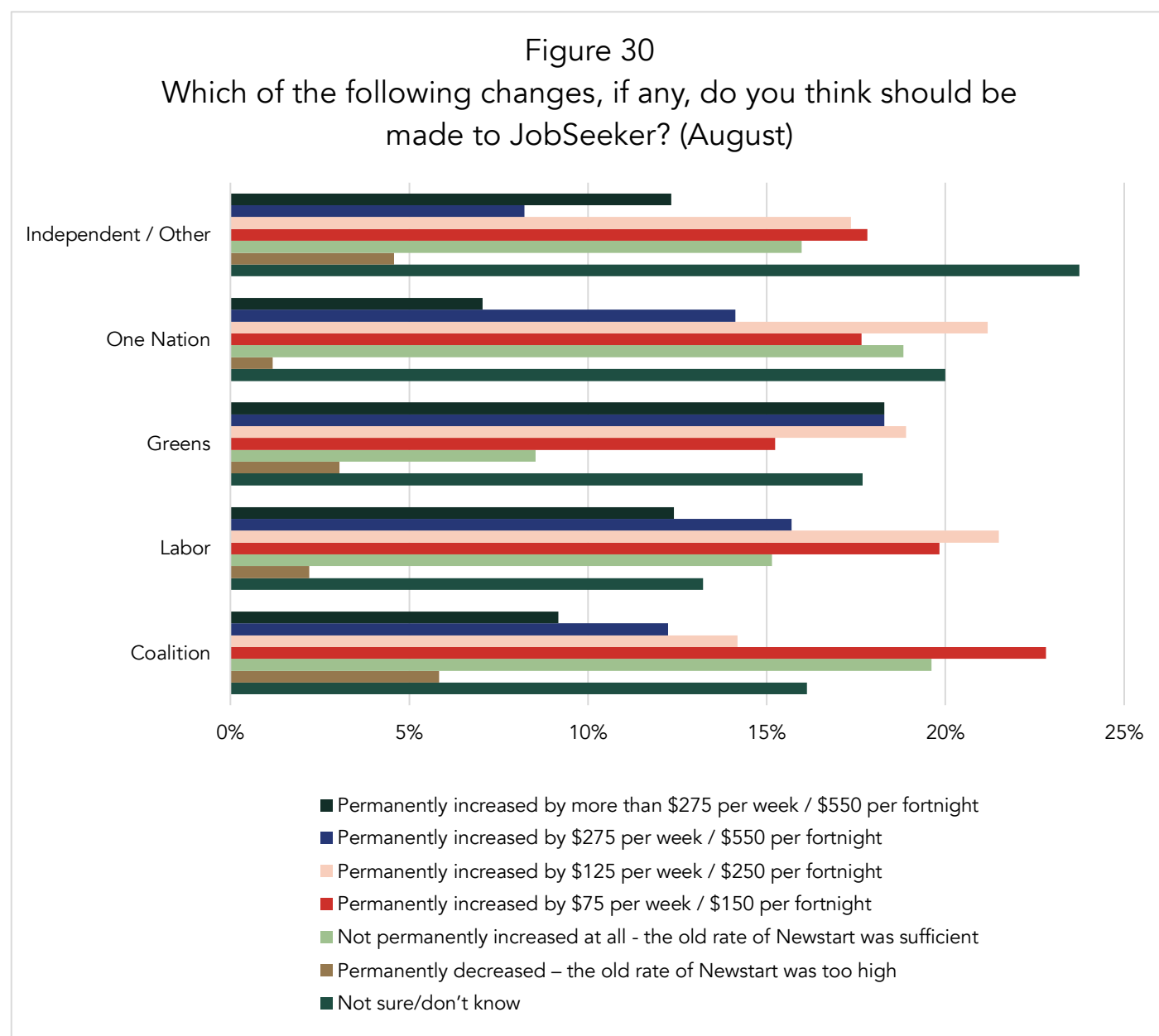
The most popular choice is for the originally proposed \$75 a week increase, which enjoys the support of 20.3% of respondents, while 17.2% of people think the reduced supplement that will be in place from the end of September, of \$125 a week, is the appropriate permanent level of income support for unemployed people.

The proportion of people who support ACOSS's revised call to keep the full supplement of \$550 a fortnight is 13.2% and another 11.2% believe it should be increased by even more. Just under a quarter of respondents, then, appear to be on side with the current campaign to "keep the rate".



Since the 2019 federal election, the ALP has joined the Greens in calling for a permanent increase to the rate of unemployment benefit, although there are differences in their positions. The Greens now appear to support the ACOSS campaign to keep the full rate of the Coronavirus supplement, while Labor has not specified the amount by which it believes the rate should be lifted on a permanent basis. As noted earlier, the Coalition government has as yet given no indication that it intends to increase the rate of JobSeeker on a permanent basis.

The breakdown of Survey results on this question by voting intention, then, is of particular interest this year (see Figure 30).



Beginning with those who believe that a permanent increase is not warranted, we find that this view is most strongly held by Coalition voters, of whom a quarter do not believe the rate of JobSeeker should be permanently increased. Of these voters, 19.6% said the old rate of Newstart was sufficient, while 5.8% believed it was too generous and should be further reduced.

The view that no permanent increase to the rate is needed is shared by 1 in 5 of One Nation voters (20%) and voters for independent or other candidates (20.5%). 18.8% of people who vote for One Nation believe the old rate of Newstart was sufficient, as do 16% of those who vote for independent candidates, while the proportion of those who believe the old rate was too generous is 4.6% among independent voters and just 1.2% among One Nation voters.

At 8.5%, Greens voters are least likely to think that the old rate of Newstart was sufficient, while just 3.1% think it should be even further reduced. Among Labor voters, support for cutting unemployment benefits below the old rate is lower still, at just 2.2%, but the percentage of those who think the old rate was good enough is 15.2%.

When asked to choose a specific level by which the rate of JobSeeker should be permanently increased, Coalition voters, as 22.8%, were most likely to opt for the old ACOSS "raise the rate" request of \$75 per week. Just under 1 in 5 (19.8%) of Labor voters made the same choice, as did 17.8% of independent voters, 17.7% of One Nation voters, and 15.2% of those who vote for the Greens.

The slightly higher increase of \$125 a week was the most popular choice among Labor voters, at 21.5%, those who vote for One Nation, at 21.2%, and those who vote for the Greens, at 18.9%. At 17.4%, this option ran a close second among independent voters, and was the choice of 14.2% of Coalition voters.

Support to "keep the rate" at the full Coronavirus Supplement of \$550 a fortnight, or \$225 a week, was highest among Greens voters, at 18.3%, following by Labor voters, at 15.7% and One Nation voters, at 14.1%. Just 8.2% of those who vote for independent or other candidates, and 12.2% of Coalition voters support maintaining the full supplement on a permanent basis.

The least popular choice among people who vote for the Coalition was the suggestion that the rate of JobSeeker should be permanently increased by even more than the full supplement rate, with just 9.2% of those voters supporting this option. The same percentage of Greens voters, 18.3, opted for this choice as they did for keeping the supplement in full, meaning over a third of Greens voters believe the rate of JobSeeker should be maintained at least at the full level of the original Coronavirus supplement rate.

Among Labor voters, support for a permanent increase in excess of the full supplement rate is 12.4%, while for One Nation voters the figure is just 7.1%. 16% of those who vote for independent or other candidates want to see the rate permanently increased by more than \$550 a fortnight.

The total levels of support for a permanent increase in the rate of JobSeeker by *at least* \$75 a week, by voting intention, is as follows, in ascending order:

Independent/Other voters	55.7%
Coalition voters	58.4%
One Nation voters	60.1%
Labor voters	69.4%
Greens voters	70.7%

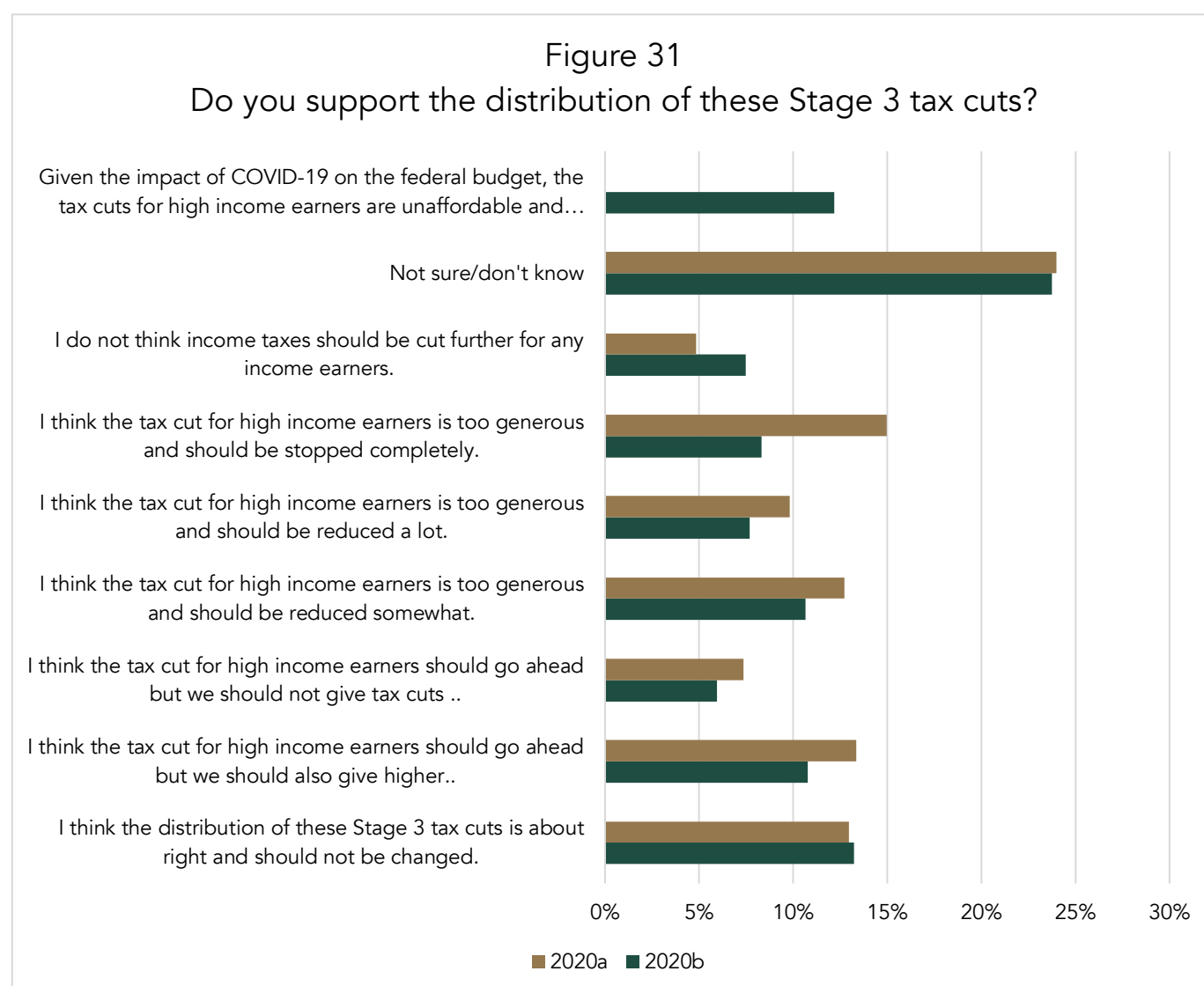
Among independent voters, there was a high level of uncertainty about this question, at 23.7%. 20% of One Nation voters were also unsure, as were 17.7% of Greens voters and 16.1% of those who vote for the Coalition. Labor voters had the lowest rate of uncertainty, at just 13.2%.

## Personal income tax cuts – Stage 3

Given the economic impact of the COVID-19 pandemic, and the significant level of debt taken on by the Australian government, public attention is now focussed on the measures that the government may introduce in its October budget to stimulate the economy. One of the proposals under consideration by the Treasurer is to bring forward the remaining stages of the personal income tax cuts that were legislated in 2019, from 2022 and 2024 respectively, to take effect from 1 July 2021.

In both the February and August 2020 surveys, we asked respondents for their views of Stage 3 of the tax cuts. The full question, briefly explaining the distribution and cost of the Stage 3 tax cuts, that was posed to Survey participants, can be found in the Appendix. For the August survey, we added an option that reflected the increased cost to the budget of the Stage 3 cuts, given the already significant levels of public debt incurred since the pandemic began.

Noting that almost a quarter of respondents in both February and August were unsure about their views on this issue, the following results demonstrate relatively low levels of support for the Stage 3 tax cuts as they are currently legislated, with 12.2% of respondents in August saying they are unaffordable in the face of the economic downturn and should be stopped completely (see Figure 31).





Combined with those who don't want to see tax cuts for anyone, regardless of income, and those who believe that the Stage 3 cuts are too generous to high income earners and should be reversed, a total of 28% of respondents in August did not wish the Stage 3 cuts to proceed at all.

In February, outright opposition to the tax cuts was at 19.8%, with 15% saying they were too generous to high income earners, and 4.8% opposed to tax cuts for any income earners.

The proportion of respondents who believed the Stage 3 cuts were too generous to high income earners and should be reduced a lot was 9.8% in February and 7.7% in August, while the figure for those who believed they should be reduced somewhat was 12.7% and 10.7% respectively.

In February, 13.3% of respondents felt that the tax cuts should go ahead, but that the government should also provide bigger tax cuts to lower and middle income earners, while in August this figure was 10.8%. Intriguingly, 7.3% of respondents in February and 5.9% of respondents in August supported tax cuts for high income earners only. In both February and August around 13% of respondents felt that the distribution of the Stage 3 tax cuts as legislated in 2019 was about right.

The proportion of those respondents who were comfortable with the Stage 3 tax cuts for high income earners in February was 33.6%, compared to 42.3% who thought they should be reversed or reduced. By August, support for the cuts was down to 29.9% while the proportion who believed they should be reduced or stopped was 46.4%.

As with other questions about issues in the current policy debate, breaking these responses down by voting intention is informative (see Figure 32). Again, we see high levels of uncertainty about this question, most especially among people who intend to vote for independent or other candidates, where it is 33.3%. 25.6% of both Greens, 25.9% of One Nation voters, 23.1% of Labor voters and 19.1% of Coalition voters are also unsure of their view of the Stage 3 tax cuts.

Interestingly, while almost 1 in 5 Coalition voters responded that they felt the distribution of the Stage 3 tax cuts as currently legislated is about right, while among voters of all other persuasions, that figure is around 1 in 10.

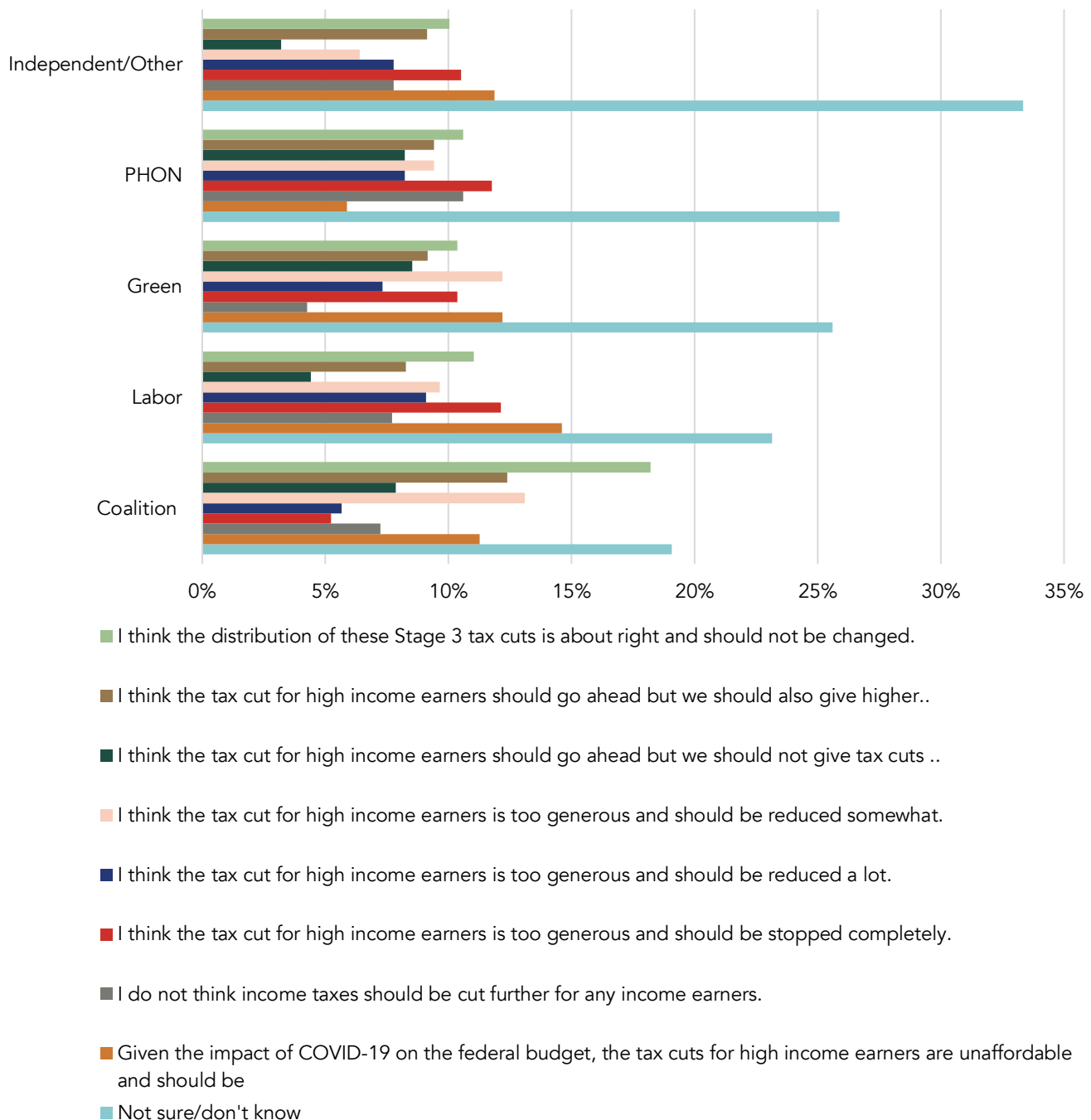
At 18.2%, significantly more Coalition voters than in any other group support the current distribution of the tax cuts and say they should not be changed. 12.4% think they should go ahead but that tax cuts for low and middle income earners should also be increased, while 7.9% believe tax cuts should be restricted to high income earners only. Total support for Stage 3 of the tax cuts without reduction for high income earners among Coalition voters, then, is at 38.5%

11.3% of Coalition voters, slightly less than the average of all voters, think that in the wake of COVID-19, the Stage 3 tax cuts are unaffordable and should be stopped completely. Another 5.2% believe they should be reversed because they are too generous to high income earners, and 7.2% do not support tax cuts for anyone at all. In total, this means that 23.7% of Coalition voters are opposed to Stage 3 of the tax cuts outright, while a further 18.8% believe they should be reduced either somewhat (13.1%) or a lot (5.7%).

Labor voters are by far the unhappiest with the Stage 3 tax cuts of any group. Among those who vote for the ALP, 12.1% think the tax cuts should be stopped because they are too generous to high income

earners, while a further 14.6% believe they are unaffordable due to the economic downturn caused by COVID-19. An additional 7.7% of those who vote for the ALP don't think taxes should be cut further for anyone, meaning that 34.4% of Labor voters think Stage 3 of the tax cuts should be reversed.

Figure 32  
Do you support the distribution of these Stage 3 tax cuts? (by Voting Intention)



Another 18.7% of Labor voters think the tax cut in Stage 3 of the package for high income earners should be reduced, 9.1% by a lot, and 9.6% somewhat.

Just 11% of those who vote for the Labor party support the current distribution of the Stage 3 tax cuts, while 8.3% think it should go ahead only if higher tax cuts are implemented for low and middle income earners. Only 4.4% of Labor voters think tax cuts should go to high income earners alone. Total support without a reduction for the highest income earners, then, is at 23.7% among ALP voters.

Among Greens voters, support for the current distribution of the Stage 3 tax cuts is at 10.4%, while a further 9.1% want them to go ahead only if tax cuts are increased for low and middle income earners. 8.5% of Greens voters think tax cuts should only be given to high income earners. Total support without reducing the amount going to the highest income earners among this group is at 28%.

12.2% of Greens voters believe the tax cuts should be stopped due to the impact of COVID-19, while another 10.4% want them reversed because they are too generous to those on high incomes. 4.3% don't believe taxes should be cut further for anyone, putting outright opposition among Greens voters at 26.9%. A further 19.5% believe the proportion of the Stage 3 cuts going to high income earners should be reduced, with 12.2% saying it should go down somewhat, and 7.3% saying it should drop by a lot.

Support for Stage 3 of the tax cuts without reducing the tax benefit for those on high incomes is 28.2% among One Nation voters, with 10.6% saying the current distribution is about right, 9.4% supporting the tax break for those on high incomes if taxes are also cut for people lower on the income scale, but just 8.2% supporting tax cuts for high income earners alone.

11.8% of those who vote for One Nation oppose the tax cuts because they give too much to those at the top of the income scale, while 5.9% say they can no longer be afforded due to the economic downturn. 10.6% of One Nation voters oppose tax cuts for anyone, meaning that total opposition sits at 28.3%. 17.6% of voters who support One Nation would like to see the proportion of the tax cuts going to high income earners reduced, 8.2% by a lot and 9.4% somewhat.

More than 1 in 10 (11.9%) of those who intend to vote for independent or other candidates believe the tax cuts are no longer affordable in the wake of COVID-19, while 10.5% oppose them due to the disproportionate distribution to high income earners, and 7.8% are opposed to tax cuts for anyone. Outright opposition to the cuts, then, is 30.2% among independent voters, while a further 14.2% want to see the benefit going to those on high incomes reduced, 7.8% by a lot and 6.4% somewhat.

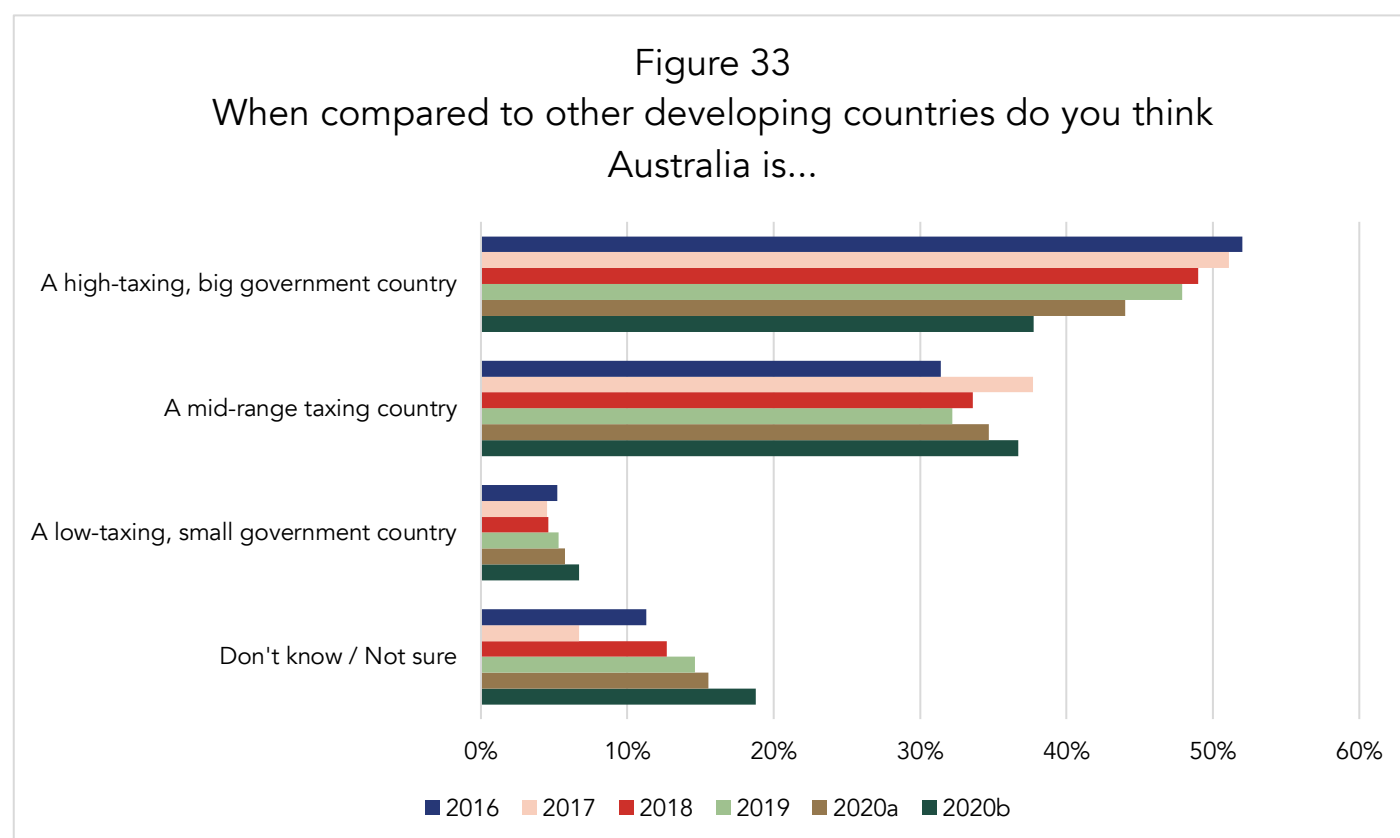
Under a quarter of respondents (22.8%) who vote for independent or other candidates indicated support for Stage 3 of the tax cuts without reducing the benefit for those on the highest incomes, with 10.5% saying the distribution was about right, 9.1% saying it should go ahead if taxes were further cut for those on lower incomes, and 3.2% responding that tax cuts should be given only to those at the top of the income scale.

## Section V: International Tax Comparisons

The last section of the Survey looks at public perceptions of tax and spending levels in Australia compared to those in other OECD countries. Responses to this question in previous years of the survey have demonstrated a persistent and mistaken belief that Australia is a high-taxing, big government country. In 2020, though, there has been a significant shift in perception of the comparable size of our tax take and government expenditure (see Figure 33).

Between the 2019 survey and that taken in February 2020, there was a drop of 3.9 points in the proportion of people who believe that Australia is a high-taxing, big government country; by August, that figure had fallen a further 6.3 points to 37.74%, and is now only one point higher than the proportion of those who regard Australia as a mid-range taxing country (36.7%). In February, that figure was 34.7%, up 2.5 points from 2019, with a further increase of 2 points between February and August, up a total of 4.5 points since last year's survey.

There has been a notable increase in the proportion of respondents who are unsure about this question, up from 14.6% in 2019, to 18.8% in August 2020, but the figure for those who state that Australia is a low-taxing, small government country has shifted only 1.4 points between 2019 (5.3%) and August 2020 (6.7%).

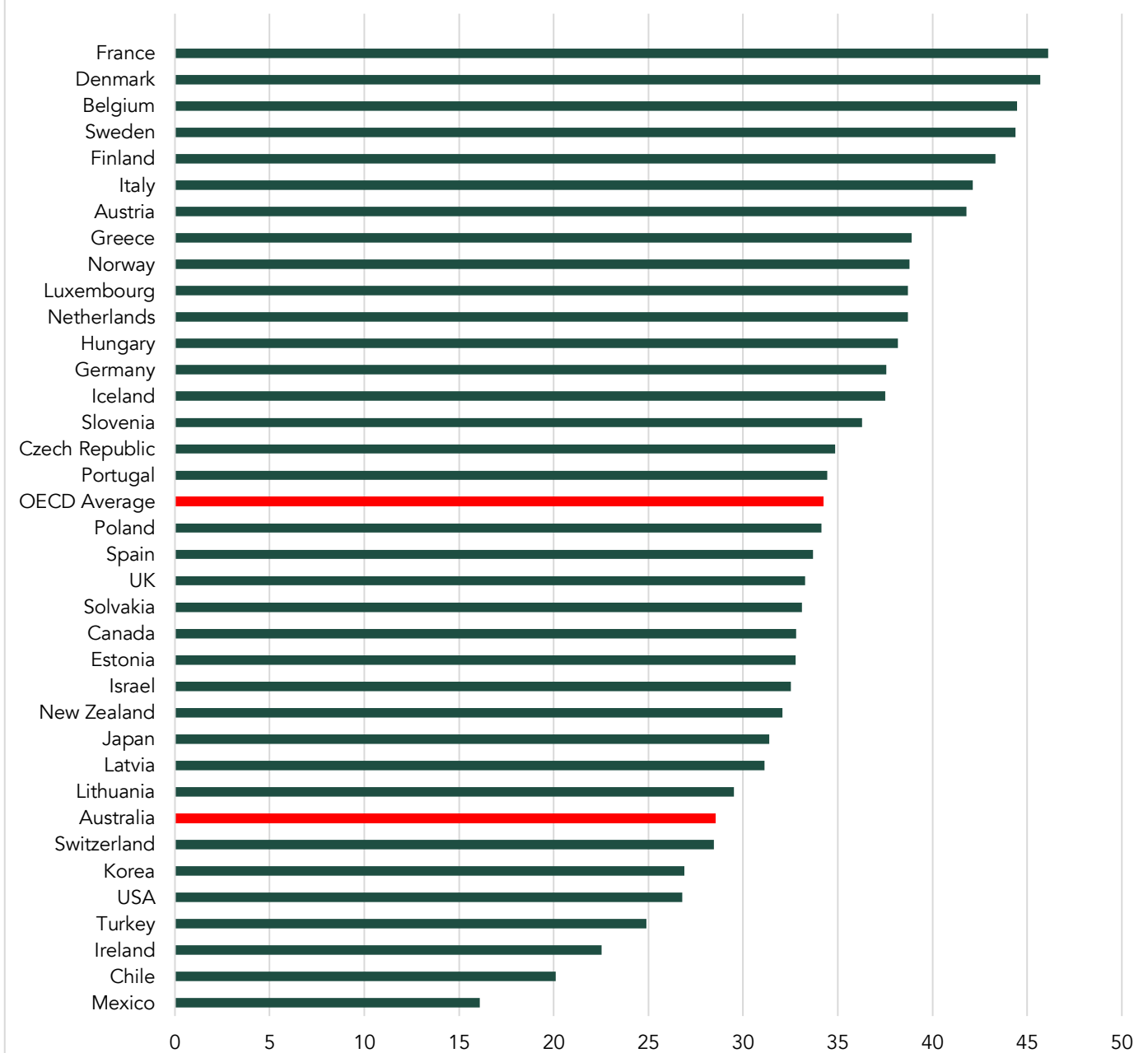


In truth, Australia one of the lowest-taxing and spending nations in the OECD, ranking 29<sup>th</sup> out of 36 OECD countries, as measured as the tax share of GDP (see Figure 34). Our tax-to-GDP ratio is 28.5%, well below the OECD average of 34.2% and a maximum level (for France) of 46.1%. Of the 36 OECD countries, only Switzerland, South Korea, the United States, Turkey, Ireland, Chile, and Mexico have lower tax to GDP ratios than Australia.

Despite the drop in the number who see Australia as a high-taxing, big government country, still more than a third of respondents carry this misperception, while only just over one in 20 correctly identify Australia as a low-taxing, small government country.

The persistent gulf between perception and reality has long distorted the national debate about appropriate levels of spending and taxation in Australia; the 2020 results give some cause for hope that this widespread public misunderstanding is slowly being corrected, but given the turbulent context in which the August survey was conducted, the results should be treated with caution.

Figure 34  
OECD Countries Total Tax Revenue as Share of GDP  
2017



## Section VI: Concluding thoughts and considerations for policymakers

The Per Capita Tax Survey 2019 was conducted in the lead up to that year's federal election, at a time when the taxation policies of Australia's two major political parties were arguably more sharply divergent than they had been for two decades or more.

2020 finds us in very different circumstances. The impact of an unprecedented health crisis has put pause to the usual political bickering over the finer points of social and economic policy between the major parties. Our state and federal leaders have rightly tried to put partisan politics aside as they work together to protect businesses and households from the worst of the economic damage wrought by the pandemic, and sought consensus on a range of measures to provide support for people in the face of the highest levels of unemployment in a generation or more.

However, as we approach the delayed federal budget in October 2020, policy differences and disputes are beginning to emerge. Voices from business, academia, civil society, and the press are growing more urgent in their calls for specific medium- and long-term interventions to hasten the return of economic activity, and put Australia back on a path towards sustainable growth.

Some champion a return to the policies of the past, focussing on supply-side solutions for what is clearly the most demand-led economic collapse in Australia's history. Others are demanding nothing less than an economic revolution, asserting that government debt is a mirage, and sovereign nations can simply "print money" to spend their way out of this depression.

The most persuasive voices, as always, lie somewhere in between. Virtually all mainstream economists agree that the size of government debt is the last thing to worry about in the face of such a serious economic collapse; particularly with unemployment rates tipped to hit double digits by Christmas and remain close to 10% throughout 2021. The Reserve Bank entered the crisis with little firepower left in its monetary arsenal and, with the price of federal debt at record lows, has been urging the government to unleash fiscal policy in order to invest heavily in the productive capacity of the economy since mid-2019.

The findings of the Per Capita Tax Survey 2020 provide policy makers with an insight into the views of ordinary Australians about the appropriate levels of taxation and investment in the wake of this crisis. Support for government debt to underpin long-term investment is at a record high, and Australians evince an increased level of comfort with the contributions they are being asked to make to the common wealth.

The survey also revealed an increased appreciation for the quality and usefulness of public services compared to previous surveys, almost surely because this crisis has revealed the extent to which we rely upon them, and the value they bring to our lives.

Yet, as in previous years, the tenth Survey in our series shows that Australians remain concerned about elements in our taxation system that undermine its fairness, particularly in relation to the contribution made by big business, and its efforts to avoid paying its fair share of tax.

Similarly, most Australians want to see high income earners pay more tax. The only exception to this view is held by those earning more than \$200,000 a year. Not incidentally, this group is set to benefit most from Stage 3 of the government's income tax cuts, which will potentially be brought forward from its legislated

commencement of 2024 to next year. Support for this measure is weak, and almost half of Australians believe the Stage 3 cuts should be reduced or reversed, rather than accelerated.

There is, by contrast, significant support for a meaningful rise in the rate of the unemployment benefit, now known as JobSeeker. A significant majority of Australians, of all political persuasions, believe that the rate should be lifted permanently by at least \$75 a week, and many want to see an increase even greater than that.

It seems there is little doubt that Australians would prefer the government to invest in supporting the living standards of those unable to find work in the most challenging labour market we have seen in three decades, rather than giving more money away to those who are lucky enough to still have a job paying in excess of \$180,000 a year.

The choices before us are clear, as are the views of Australians. As we seek to restore and rebuild after this tremendous social and economic shock, most of us want to see an approach that will promote fairness and reduce inequality. Most of us want to see investment in the essential services and public goods that have, for generations, provided Australians with among the highest average standards of living in the world.

The Per Capita Tax Survey 2020 demonstrates that the crisis caused by COVID-19 has only strengthened Australians' belief in the fair go, and in ensuring that we keep the promise of Australia for our children and grandchildren.

## Appendix

### Breakdown of respondents to the Per Capita Tax Survey 2020a (February)

Table 1: Number of respondents from each state and capital city

Location	Frequency	Percentage
Australian Capital Territory	31	2.00%
Greater Adelaide	83	5.35%
Greater Brisbane	141	9.10%
Greater Darwin	5	0.32%
Greater Hobart	15	0.97%
Greater Melbourne	271	17.48%
Greater Perth	115	7.42%
Greater Sydney	288	18.58%
Rest of NSW	220	14.19%
Rest of NT	5	0.32%
Rest of Queensland	178	11.48%
Rest of SA	30	1.94%
Rest of Tasmania	16	1.03%
Rest of Victoria	117	7.55%
Rest of WA	35	2.26%
Total	1550	100.00%

Table 2: Number of respondents by age and voting intent

	Age						
Voting intention	18-24	25-34	35-44	45-44	55-64	65-99	Total
Coalition	71	98	89	89	84	124	555
ALP	38	63	105	90	74	78	448
Green	44	48	35	28	21	11	187
One Nation	12	20	21	29	21	17	120
Independent/Other	39	50	40	38	38	35	240
Total	204	279	290	274	238	265	1550



## PER CAPITA TAX SURVEY 2020

### Breakdown of respondents to the Per Capita Tax Survey 2020b (August)

Table 1: Number of respondents from each state and capital city

Location	Frequency	Percentage
Australian Capital Territory	31	2.00%
Greater Adelaide	85	5.48%
Greater Brisbane	139	8.97%
Greater Darwin	12	0.77%
Greater Hobart	15	0.97%
Greater Melbourne	284	18.32%
Greater Perth	110	7.10%
Greater Sydney	327	21.10%
Rest of NSW	182	11.74%
Rest of NT	3	0.19%
Rest of Queensland	168	10.84%
Rest of SA	31	2.00%
Rest of Tasmania	16	1.03%
Rest of Victoria	108	6.97%
Rest of WA	39	2.52%
Total	1550	100

Table 2: Number of respondents by age and voting intent

Voting intention	Age						Total
	18-24	25-34	35-44	45-44	55-64	65-99	
Coalition	77	137	146	113	99	147	719
ALP	36	56	64	82	64	61	363
Green	45	47	28	21	18	5	164
One Nation	7	14	14	27	12	11	85
Independent/Other	33	38	42	37	36	33	219
Total	198	292	294	280	229	257	1550

## Questions for the Per Capita Tax Survey 2020

- 1) Thinking about Australia's public services generally (e.g. health and education), on a scale of 0 – 10 how would you rate them on the following factors (where 0 = poor and 10 = excellent):
  - a. Quality
  - b. Ease of access
  - c. Value for money
  - d. Usefulness to you
- 2) Which of the following statements best describes your views on government spending and public services?
  - a. Governments should spend a lot more on public services
  - b. Governments should spend a little more on public services
  - c. Governments are spending about the right amount on public services
  - d. Governments should spend a little less on public services
  - e. Governments should spend a lot less on public services
  - f. Not sure/don't know
- 3) Would you like to see more or less government spending in each of these areas? *(For each choice, provide options: spend much more; spend a little more; spend the same as now; spend a little less; spend much less; not sure/don't know)*
  - a. Health
  - b. Education
  - c. Defence
  - d. Social security/welfare
  - e. Overseas aid
- 4) For which of these outcomes would you be prepared to pay higher taxes? Please select all that apply. [randomised order]
  - a. Better schools, universities & TAFEs
  - b. Lower unemployment
  - c. Less inequality
  - d. Better health and aged care services
  - e. Better childcare services
  - f. Better transportation systems
  - g. Lower greenhouse gas emissions
  - h. A national broadband network
  - i. Long-term economic growth
  - j. None of these can be achieved by raising taxes
- 5) If you wanted to raise more tax in Australia to pay for quality public services, which of the following approaches would you support? (choose as many as you wish):
  - a. Raise personal income tax rates
  - b. Raise income taxes on the top 5% of income earners
  - c. Raise the rate of GST
  - d. Broaden the GST base to include all items
  - e. Broaden the GST base to include private education and private health insurance only

- f. Remove the 50% discount on capital gains tax
  - g. Cut superannuation tax concessions, where over 50% of all concessions go to top one-fifth of income earners
  - h. Cut negative gearing tax concessions, where over 50% of all concessions go to top one-fifth of income earners
  - i. A broad-based tax on land ownership (a land tax)
  - j. A financial transactions tax payable by institutional investors
  - k. A wealth tax on financial assets
  - l. Establish an inheritance tax on any part of an estate above \$1million
  - m. A crackdown on corporate tax avoidance, such as the offshoring of profits to low-tax jurisdictions
  - n. By borrowing more
  - o. None of these
- 6) In the past, governments have borrowed for long-term investment in the same way people take out a mortgage for a house. Are you in favour of such borrowing?
- a. Yes
  - b. No
  - c. Not sure
- 7) In your opinion, do you pay...?
- a. Too much tax
  - b. About the right amount of tax
  - c. Not enough tax
  - d. Not sure/don't know
- 8) In thinking about the overall fairness of the tax system, do the following groups pay too little or too much tax? [options: pay too much tax, pay about the right amount of tax, pay too little tax, not sure/don't know]
- a. Small businesses
  - b. Big businesses and corporations
  - c. Low-income earners
  - d. Middle-income earners
  - e. High-income earners
- 9) To what extent do you think corporate tax avoidance affects the overall fairness of the taxation system?
- a. Not at all
  - b. Very little
  - c. Somewhat
  - d. A lot
  - e. Not sure/don't know
- 10) Given that people are now living longer, do you think their increased retirement income needs should be funded by: [choose one or more]
- a. Higher superannuation contributions
  - b. Increased tax concessions on superannuation

- c. Working longer
- d. Increasing the rate of the aged pension
- e. Not sure/don't know

11) Negative gearing is a favourable tax concession for those who own investment properties. Which of the following changes, if any, do you think should be made to negative gearing?

- a. Negative gearing should be restricted to new-build housing only, to increase the supply of new housing
- b. Negative gearing should be restricted to affordable housing only, to increase the supply of affordable housing
- c. Negative gearing should be restricted to both new-build and affordable housing, to increase the supply of both
- d. Negative gearing should be abolished completely
- e. Negative gearing should be abolished completely, but those who have existing investment properties should be able to retain the negative gearing tax concession on those properties
- f. Negative gearing should not be restricted at all
- g. Not sure/don't know

12) Should there be a minimum rate of tax for very high income earners (e.g. for the top 1% of income earners)? Below this tax rate, they would not be able to reduce their taxable income through tax deductions (this is known as the "Buffett Rule").

- a. Yes, there should be a minimum rate of tax for very high income earners
- b. No, there should not be a minimum rate of tax for very high income earners
- c. Not sure / don't know

*2020a (February) only*

13) The rate of Newstart (the unemployment benefit) for a single person is currently \$272.90 per week, or just under \$39 per day. It has not risen in real inflation-adjusted terms for more than 20 years. Raising the rate of Newstart by \$75 per week would cost the federal budget \$3.3 billion per annum. Which of the following changes, if any, do you think should be made to Newstart?

Newstart should be:

- a. Increased by \$75 per week
- b. Not increased at all - the rate is sufficient now
- c. Increased by more than \$75 per week
- d. Decreased – it is already too high
- e. Not sure/don't know

*2020b (August) only*

14) The rate of JobSeeker (unemployment benefit, formerly known as Newstart) for a single person was \$545.80 per fortnight / \$272.90 per week, or just under \$39 per day, before COVID-19, and had not risen in real terms for more than 20 years. For the first six months of the pandemic, a supplement of \$550 per fortnight was provided, bringing the weekly rate to \$557.50. After September, the supplement will be reduced to \$250 per fortnight, bringing the weekly rate to \$407.50. These changes are temporary, and will end in December 2020. Which of the following changes, if any, do you think should be made to JobSeeker? JobSeeker should be:

- a. Permanently increased by \$75 per week / \$150 per fortnight
- b. Permanently increased by \$125 per week / \$250 per fortnight

- c. Permanently increased by \$275 per week / \$550 per fortnight
- d. Permanently increased by more than \$275 per week / \$550 per fortnight
- e. Not permanently increased at all - the old rate of Newstart was sufficient
- f. Permanently decreased – the old rate of Newstart was too high
- g. Not sure/don't know

*2020b (August) only*

15) Last year, legislation was passed to reduce personal income tax rates. Stage 3 of these tax cuts will come into effect in 2024-25. Stage 3 will increase the upper bound of the 32.5 per cent personal income tax bracket from \$120,000 to \$200,000, it will reduce that tax bracket to 30%, it will eliminate the 37 per cent personal income tax bracket, and it will increase the threshold at which the top tax bracket of 45 per cent begins (previously it started at \$180,001, now it will start at \$200,001). As a result, in 2024 someone earning \$180,000 a year will receive a tax cut of \$8,639 a year, whereas someone earning \$38,000 a year will receive a tax cut of \$379 a year. The total cost of these Stage 3 tax cuts to the federal budget is estimated to be \$141 billion by 2030. Do you support the distribution of these Stage 3 tax cuts?

- a. I think the distribution of these Stage 3 tax cuts is about right and should not be changed.
- b. I think the tax cut for high income earners should go ahead but we should also give higher income tax cuts to low and middle-income earners.
- c. I think the tax cut for high income earners should go ahead but we should not give tax cuts to low and middle-income earners.
- d. I think the tax cut for high income earners is too generous and should be reduced somewhat.
- e. I think the tax cut for high income earners is too generous and should be reduced a lot.
- f. I think the tax cut for high income earners is too generous and should be stopped completely.
- g. Given the impact of COVID-19 on the federal budget, the tax cuts for high income earners are unaffordable and should be stopped completely.
- h. I do not think income taxes should be cut further for any income earners.
- i. Not sure/don't know

16) When compared with other developed countries, do you think Australia is...? [randomised order]

- a. A high-taxing, big government country
- b. A low-taxing, small government country
- c. A mid-range taxing country with a mid-sized government
- d. Not sure/don't know