Submission to the Federal Government Tax Forum

16th September 2011

This submission has been prepared by United Voice National Office on behalf of United Voice members and branches across Australia.

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Overview

United Voice welcomes the opportunity to provide a submission in response to the Federal Government's discussion paper, "Tax Reform: Next Steps to Australia" in the lead up to the October Tax Forum.

United Voice seeks to differentiate our position by viewing the current taxation system through the prism of "Risk Shift" theory, which serves as the framework of analysis resonating most strongly with our members' experiences.

We applaud the government for its direct intervention during the global financial crisis. Whilst the stimulus packages resulted in the current budget deficit, it also injected much-needed capital expenditure into the economy and contributed substantial investment into the community. As a result, Australia was one of the few OECD countries able to withstand the economic downturn.

In the aftermath of the Global Financial Crisis (GFC), we note the government's commitment to reducing the budget deficit through limitations on the level of expenditure and taxation. However, we urge caution as these conditions fundamentally shape the role of the federal government, and limit the government's ability to adequately invest in the essential goods and services that our members and wider community rely upon currently and into the future.

United Voice argues that the Tax Forum provides an important opportunity to clarify society's expectations for the role of government as Australia becomes more embedded in an increasingly volatile global economy. We seek to broaden the debate further than just focusing on the changes that can be made to the tax and transfer system aimed at increasing the productive capacity of the economy.

In doing so we seek to challenge the view of taxation as a burden on the economy, and seek to push for a more progressive tax and transfer system which ensures members of society, in particular low-to-moderate income households, are adequately protected from undue risk and the vicissitudes of corporate speculation. Furthermore, we argue that a progressive tax and transfer system is also a way of looking after the both the social and economic considerations of both current and future generations and we believe that the resources sector contribute its fair share of this.

Fundamental to the inclusive potential of our society is the importance of ensuring Australia embraces progressive taxation, which refrains from unduly penalising those on lower incomes at the expense of those at the higher income quintiles. Furthermore, we argue that government goods and services (such as health and education), as well as social services reliant upon government funding (including aged care and child care) should be adequately funded. This is to ensure an appropriate level of provision of quality services to the most vulnerable to allow the broader community to engage in society, and to afford dignity and respect for those employed in these sectors by ensuring fair and just working conditions.

As the global economy moves from one crisis to another, the consequences of risk shift continue to be acutely experienced. The tax and transfer system is fundamental to the redistribution of not just income and wealth. A progressive taxation framework corrects the imperfections of market forces which result in the consolidation of power in the hands of a minority, due to market exchanges or by birth, to the disadvantage of many. It is an important mechanism in the transfer of risk away from households that are ill equipped take on the burden in a precarious economic climate.

Introduction to United Voice

On March 1st 2011, LHMU became United Voice. National Secretary, Louise Tarrant, described this change in a speech to the National Press Club:

"In becoming United Voice we are breaking with the Australian union movement's traditional description of itself solely by reference to the jobs and work of its members. And in doing so we are embracing a broader role as a community advocate for an alternative economic agenda. We are the first union in Australia to take this step, so today really does mark an historic new chapter for United Voice.

Of course, this does not mean we will stop campaigning in workplaces, organising workers and representing our members. That has always been the core work of unions and it will continue to be so. But it does mean that our work will become increasingly relevant to many Australians who might not be members of our union or engaged with the union movement at all".

List of United Voice recommendations:

Recommendation 1:

Within the climate of continuing global economic instability, United Voice urges caution with regard to returning the budget back to surplus, particularly when actions such as discretionary cuts to spending, privatisation of assets and other measures will have a disproportionately adverse impact on low to modest income households.

Recommendation 2:

United Voice does not support the use of the tax and transfer system as the sole means of addressing the rising cost of living. We believe there must also be real increases to the minimum wage and low waged industries should not rely on the tax and transfer system to effectively subsidise their own workers' wages.

Recommendation 3:

United Voice argues that securing fair wages and greater access to income and employment security, combined with ensuring adequate supply of quality early childhood and education services and aged care, is a more effective method to increase labour market participation. Greater investment in skills and training, particularly for low-income workers, and ensuring job pathways for skilled workers, will improve the productive capacity of the economy and fulfil a key priority of the government's reform agenda.

Recommendation 4:

With regard to the government's proposal to provide a discount similar to what currently applies to capital gains on net rental income, United Voice echoes the concern expressed within the AFTS report that it may have the effect of further increasing the cost of private rental accommodation. We recommend that before implementing any changes the government undertake a broad ranging enquiry into the impact of preferential tax treatments such as negative gearing and capital gains on household affordability (including the proposed changes) and the impact on low to moderate-income individuals and families.

Recommendation 5:

United Voice recommends that the current rate of taxation on superannuation contributions is replaced with the statutory marginal rates on personal income. Furthermore, in acknowledgement of the impact of low income, precarious work and or breaks in employment on retirement savings, a capped co-contribution should be introduced to target those on low to moderate incomes.

United Voice supports a thorough investigation before any modifications to rules or legislation to increase product innovation to ensure that market risk is limited for those on low and modest incomes.

Any review into the adequacy of income and means testing of the pensions must be framed to ensure that the integrity of the system is maintained and that the architecture of the system delivers fair and just retirement adequacy for those with low to moderate incomes and wealth.

Recommendation 6:

United Voice recommends the government facilitate community discussion with regard to innovative methods to broaden the personal tax base to ensure greater progressivity into the tax system.

Recommendation 7:

United Voice supports an investigation by the government, with the involvement of unions, business and the broader community, into the efficacy of assistance to industry in the form of tax concessions and incentives as raised in the Tax Forum discussion paper. In particular, the government should investigate whether this assistance has resulted in positive long-term job creation, skill development and higher wages within the economy.

In order to moderate the extent of risk shift from the corporate sector onto households, United Voice opposes any decrease of corporate tax. Furthermore, a broadening of the tax base through innovative methods, such as the Financial Transactions Tax, should be investigated to ensure that revenues from corporate sector are not decreased. We also strongly argue for better levels of public disclosure of the level of corporate tax paid by individual companies and industries, as well as the subsidies utilised by industry.

Recommendation 8:

United Voice recommends that the government review the rate of withdrawal of transfer payments to minimise any penalising effects on families with low incomes.

Recommendation 9:

United Voice advocates that in order to improve affordability and quality of early childhood education, the government must introduce a dedicated professional wages funding stream. Overall this would achieve the government's goal of increasing workplace participation for parents, in particular women, and ensuring quality and affordable early childhood education is available to all within the community.

Recommendation 10:

Low-paid aged care workers will continue to leave the sector unless wage justice is achieved. Low pay is a function of labour market disadvantage and impacts upon quality of care for older Australians. As the majority funder of the aged care sector, government exerts control over wages and must be a part of achieving wage justice.

Section 1: Shifting the risk: The changing role of the state

In our analysis of the Australian tax and transfer system, we utilise the theory of risk shift. This theory describes the impact of the rapid and wide reaching transformation of both the Australian and global economy within the last three decades, and resonates strongly with our members experience of the disproportionate effect of this change on households, in particular those on low to modest incomes. Risk shift theory is elaborated in greater detail below.

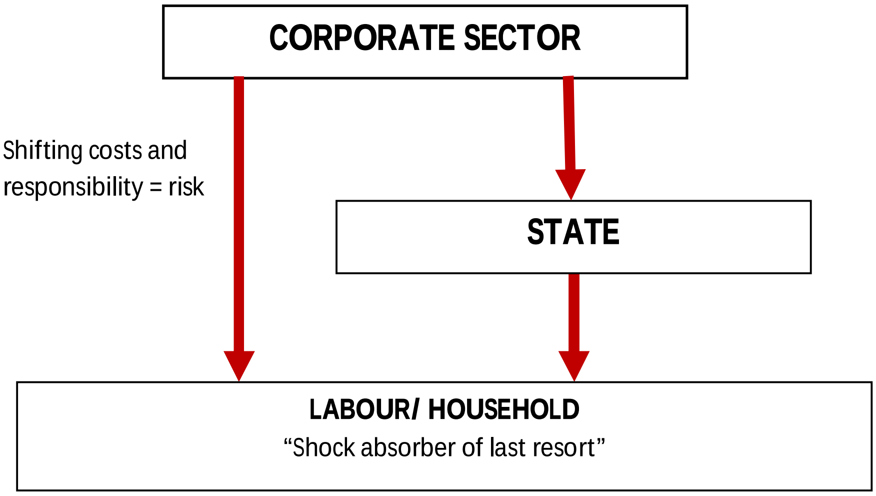

Figure 1: Process of Risk Shift

Since the fiscal crisis of the 1970's, there has been a concerted effort to frame the state, particularly structures such as social security and welfare system, as costly and inefficient.[1] It was argued that "socialisation of risk" by the state reduced incentives to pursue high-risk entrepreneurial opportunities, thereby curbing economic growth. It was further argued the dismantling of this structure through deregulation and exposure of government services to the market would allow for a more efficient and enterprising society.

However, whilst the restructuring of the government had resulted in previously expansive economic growth, which has lifted living standards more broadly within society, United Voice believes the market has failed in distributing the fruits of this growth equally. Not all within society have benefited, and, arguably, vast sections of the community, particularly households on modest incomes, are now more vulnerable and isolated through the process of risk shifting and the consequences of financialisation.[2]

The process of deregulation resulted in a large transfer of risk between government and business but also a significant offloading of this burden on to workers and households. As the safety nets provided by the state, in the form of the welfare system, began to shrink, the private sector capitalised on the service gap by

[1] Quiggin, J (2010), Risk, Welfare and Work, Risk shifts in Australia, pg. 19-20

[2] We refer here to the process of "workers and households are integrated into financial processes and calculations in their everyday life" as described by Rafferty, M and Yu, S in " Shifting Risk: Work and working life in Australia" (pg. 3)

providing new products offering social services and protections (such as private heath care and health insurance) without necessarily providing the universal guarantees originally offered by the state[3] – essentially equating to privatisation by stealth. Moreover, successive governments have sought to reposition themselves, particularly with regard to their economic credentials, as a business enterprise. We argue that, cumulatively, this has resulted in a significant challenge to the legitimacy of the role of the state.

Despite the private sector extolling its ability to manage risk over the public sector, there is a curious contradiction at play. The same proponents who advocate for small government in the spirit of free market and competition policy have also simultaneously argued for market intervention to "secure" other areas of the economy. State intervention has been requested by the corporate sector to absorb responsibility for questionable or loss-incurring strategic decisions and to broadly "support" further economic growth. There have been numerous examples of challenges to government, for example the opposition to the mining super profits tax[4], and carbon tax[5], business advocacy for more reductions in company taxation[6], welfare benefits and allowances[7], and "less restricted" industrial relations[8] and trade and migration legislation[9].

This form of corporate focused market intervention has lead to disconnection between the traditional relationship of yield and risk - businesses are still able to profit financially, at the expense of the state, regardless of their performance. As noted by John Quiggin massive rewards have been paid "for unsound speculative investments, with the risk of failure being concealed and ultimately, shifted back to governments and society as a whole".[10]

The corporate sector has also been successful in shifting its own level of risk to labour. Historically, the private sector had absorbed certain risks involved in the pursuit of profit. Over the last two decades, much of this risk has been shifted onto workers. Humanity makes labour distinct from capital and thus is afforded certain rights. These protections are increasingly under attack as labour is objectified as another raw product or commodity. An apt example of this is the increasing demand placed for employer driven flexibility in the name of increased economic growth - seen in the most recent debate concerning the level of wages within the retail industry.[11] Rather than businesses absorbing poor financial decisions in their profit margins, workers are being expected to exercise wage restraint, and accept job insecurity (illustrated in the graph below).

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[3] Rafferty, M and Yu, S (2010), Shifting Risk: Work and working life in Australia, pg. 36

[4] We won't negotiate with Rudd on super-profits tax, says Andrew Forrest, The Australian, 10/06/10

[5] Business leaders welcome Abbott's pledge to rescind carbon tax, AM, ABC Radio, 01/03/11

[6] Halve company tax, slash capital gains tax, hike up GST: BCA plan unveiled, PM, ABC Radio, 15/06/09

[7] Disability cuts to pay for flood levy: Business Council, AM ABC Radio, 14/02/11

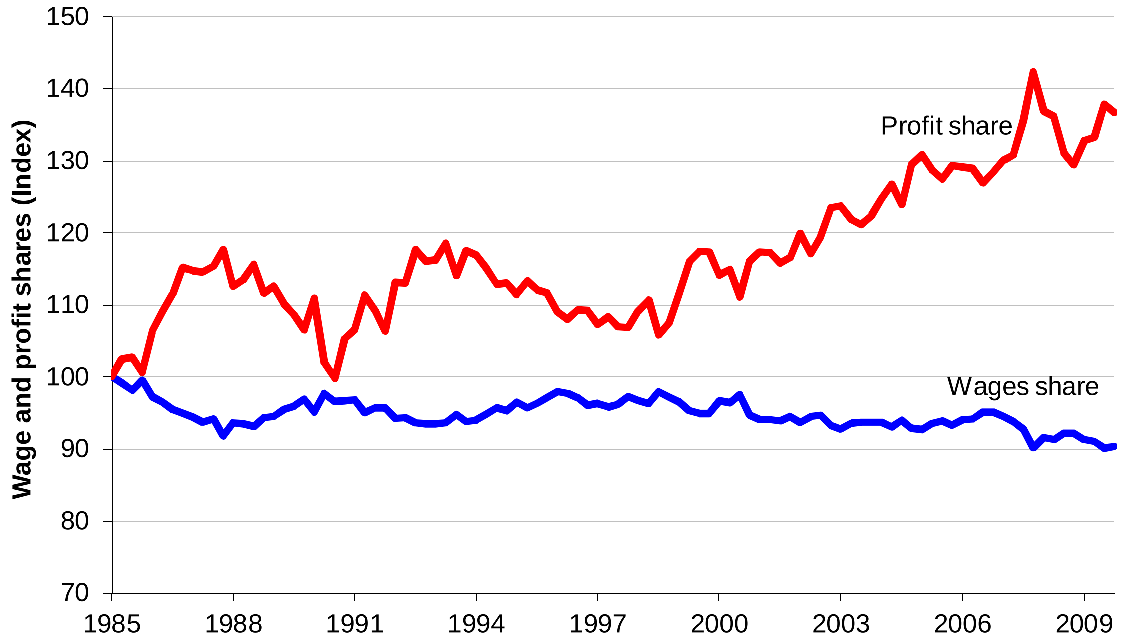
[8] Quiggin, J (2010), Risk Shifts in Australia, Risk, Welfare and Work, pg. 14; Australian Broadcasting Corporation (2011),"Business pushes for return of individual work contracts, PM, 05/09/11

[9] We must act now on infrastructure, says Leighton's new chief, Courier Mail, 09/03/11; Relax immigration laws says Woodside, ninemsn, 16/11/07

[10] Quiggin, J (2010), Risk Shifts in Australia, Risk, Welfare and Work, March 2010 pg. 19

[11] Sun Herald (2011), "Retailers want to cut workers' wages", 06/09/11

Graph 1: Growth of profits vs. wages (1985-2010)



Source: *ACTU, Australia Bureau of Statistics (2011), Australian National Accounts, Cat. no. 5206.0*

The exponential growth in corporate profits has come at a significant expense to a more economically and socially vulnerable workforce, and a household sector more exposed to market forces than ever before. Furthermore, as household income has stagnated, there is a polarising disparity between the wealthiest 20% of households in 2009–10, who accounted for 62% of total household net worth; an average net worth of $2.2 million per household, and the poorest 20% of households, who accounted for 1% of total household net worth; an average net worth of $32,000 per household.[12]

"With the prices of rent, food, credit cards and bills constantly going up it's very hard to live and raise a family on so little. I remember when I could fill up my petrol tank for $20; now it costs about $60.

Both my wife and I have to work full-time and we struggle make ends meet. One of my children is currently at university and still lives at home. He wasn't eligible for any government grants so we support him financially which is hard, but I want the best for my children and I want to make sure he has a good education" - *Gamal Babiker, Shopping Centre Cleaner*

[12] Australian Bureau of Statistics (2011), Household Income and Income Distribution, Australia, 2009-2010

"These are some of the challenges I face budgeting on such low wages. I have not bought any clothes or items for myself for a number of years. I am constantly paying off loans because I am always unable to fully cover most of my bills. I pay $70 per fortnight to Radio Rentals because when I moved in I didn't own a fridge. Since I am unable to save very much money toward the cost of a fridge, I have no option but to rent. I have some fortnights without the money to purchase sufficient food to last me until the next pay period. I have been told by others to change my profession to one that pays better. I will not do this because I feel that I am in one of the most important professions that exist."- *Amy Brady, Early Childhood Educator*

As risk shift developed, workers first responded through increasing their working hours which led to an increase in the participation rate of female workers. However this has limitations, for example, the ability for women to outsource their caring responsibilities through affordable quality child and aged care. As a result, reliance on additional sources of household income is increasingly becoming exhausted. Low to moderate income households are resorting to increasing their levels of debt to keep up with the cost of living. RBA statistics show that in March 2011 the ratio of household debt to disposable income was 155.1 per cent, compared to 33.7 per cent in March 1977.[13] Not only are households grappling with wages that fail to compensate for the rising cost of living, but they are also more financialised through greater use of private goods and services that lack the guarantees traditionally provided by the state. Meanwhile, attempts by government to address risk through increased regulation or investment is met with intense criticism, often from the private sector, claiming state intervention will only result in impeding the market and, therefore, economic growth.

"I'm on a single income wage with three boys. I've got two teenage boys and a seven year old and it's really hard to make ends meet on that wage. By the time you pay your rent, groceries and bills, if you can pay them, there's hardly anything left.

If my kids want shoes or to go to the pictures or even a new outfit, I have to tell them no a lot of the time and you can see the really disheartened looks on their faces. With Christmas around the corner that will be a struggle as well. They won't get much, maybe one gift each, if that. My son gets one shift a week at his part-time job and sometimes, I have to borrow that money, just for school lunches. I pay him back when I do get paid and sometimes that's a struggle. Just trying to have enough money for food and essentials plus keeping up with the rent on $16 an hour is pretty hard." - *Ruth Sorbello, Shopping Centre Cleaner*

As a result of this disproportionate shift in risk and responsibility, the International Monetary Fund has noted that the household sector is acting more as "shock absorber of last resort".[14] Building upon this, United Voice argues that it is low to modest income households, in particular women and those from culturally and linguistically diverse backgrounds who have borne the brunt of this change. The important

[13] Reserve Bank of Australia (2011), Table B21 Household Finances – Selected Ratios, Statistical Tables, 18 August 2011 http://www.rba.gov.au/statistics/tables/

[14] International Monetary Fund (2005), Global Financial Stability Report, pg. 89

question that must be asked is whether this "buffer" is now exhausted? In an increasingly unpredictable economic climate, United Voice advocates for a better way to balance the goals of growth and prosperity with equity and justice within the community. We argue it is essential there is a strong role for the state in managing risk collectively to provide a safeguard for the vulnerable in society through progressive taxation. This involves various policy arms available to the government, but, in particular, it requires revisiting the current arrangements under the tax and transfer system, whose validity is being challenged. The upcoming tax forum provides an ample opportunity for the community to discuss what levels of risk are best managed by the individual, by the corporate sector and by the state, and how this should occur in order to ensure a fair and prosperous Australia.

The challenge to the tax and transfer system

"The continued significance of government taxes and charges and regulations as constraints to business investment points towards the need for an increased focus on cutting the red-tape burden, reducing taxes and various levies and charges to create an environment that is more conducive to business growth and expanded employment opportunities. This is especially important if the rebalancing of growth from public to private demand is to materialise as expected in 2011." – *Australian Chamber of Commerce*[15]

"The reason why there is so much economic instability in the world today, the reason why so many people are worried for their economic future, is because too many governments have spent money that they don't have. That's why we want to get government spending under control, that's why we want taxes to be lower, not higher, and I think that's what the Australian people expect. They expect a government which wants to put more money in their pockets and less of their money in its pocket."– *Tony Abbott, Federal Opposition Leader*[16]

"Despite the essential functions that taxes play in a democratic society, they have been reconceptualised in a way that makes them appear as illegitimate and inherently undesirable. They are frequently characterised as "impositions" over which taxpayers have no control, "burdens" from which they derive no benefit, and as purchasing "luxuries" that in these difficult economic times (are) no longer affordable." – *Neil Brooks, Taxation Academic*[17]

There has been a notable shift in the perception of the legitimacy of taxation, as well as the related transfer system. Historically, taxation was framed as an integral "representation of our social contract with government". Tax was viewed as a public good, with members of the community contributing money in

[15] Australian Chamber of Commerce and Industry (2011), ACCI Pre-budget 2011-2012 Submission, pg. 8
[16] Abbott, T (2011), Joint doorstop interview with senator Michaelia Cash, 12/08/11
[17] Brooks, N (2001), Taxation and Citizenship, Labour/LeTravail, Vol 48, Fall 2001

return for services, public goods and equitable access to wealth and resources.[18] It was a prism through which people assess the role of government, and levels of social equity and public provision".[19]

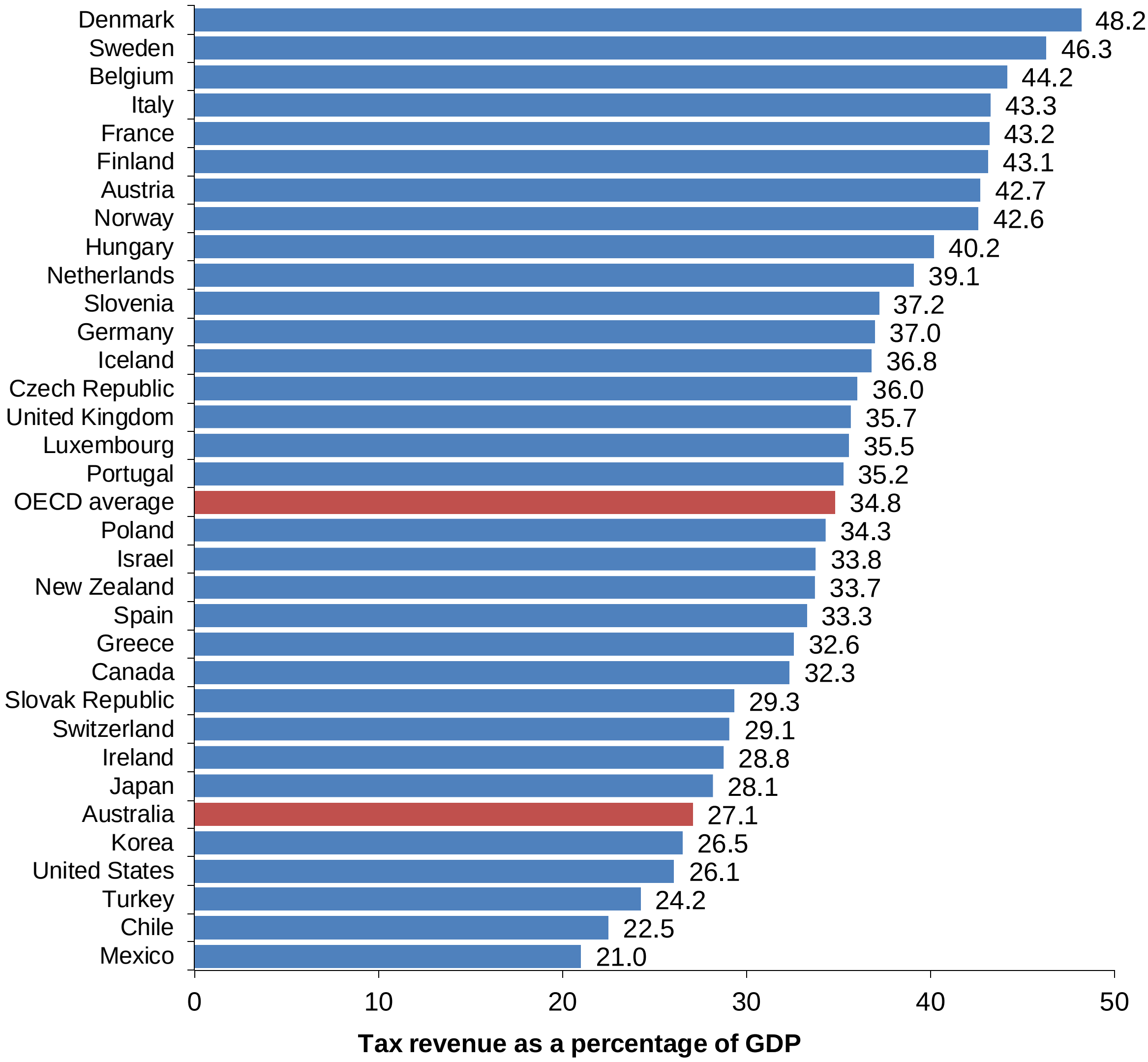
More recently, a "tax backlash" has gained momentum with tax increasingly being viewed as a burden, and those who rely upon the transfer system for assistance as "underserving". It is important to note that this backlash is by no means unique by international standards, with the movement towards "austerity" measures sweeping Europe, and recent debate over the debt ceiling and marginal rates of tax in the United States. However, it is important to acknowledge that Australia has one of the lowest tax-to-GDP ratios of all other developed countries. In 2008-09, Australia was lower than all but five of the 33 countries that are included in OCED statistics. At 27.1 per cent of GDP, Australia's tax to GDP ratio is significantly below the OCED average of 34.8 per cent.[20]

[18] Gregory, K (2009), Taxes: what are they good for?, percapita research paper, pg. 5

[19] Grant, R (2004), Less tax or more social spending: Twenty years of opinion polling, Research paper no. 13 2003-02, Parliamentary Library, Parliament of Australia

[20] Organisation for Economic Coopration and Development (2011), "Total tax revenue as a proportion of GDP, OECD.Stat. as cited in ACTU (2011), Myths and realities: the tax system and attitudes to taxation, ACTU Working Australia Tax Paper No. 1", pg. 9

Graph 2: Tax revenue to GDP ratios in OCED countries (2008)



Source: *ACTU, OCED (2011), 'Total tax revenue as a proportion of GDP', OECD.Stat.*

The result of the reframing of taxation from a collective social good to an individualised burden is an example of risk shift in action and has been articulated in a number of ways.

"Fiscal discipline/expenditure reduction – expressed commitment to budget surplus"

"…debate on topics of this kind was stymied by the apparent impossibility of raising taxes explicitly, or of raising the share of national income collected as tax revenue. The 'tax revolt' of the 1970s engendered in politicians a seemingly permanent fear of raising taxes…."[21] – *John Quiggin, Economist*

"… running a surplus has constituted the principle evidence of sound financial management – that a government's reputation as a good economic manager rested on delivering surpluses year after year. At the same time in Australia we also asserted that debt was bad and that governments should aim to be net debt free."[22] – *Professor John Wanna, Australian Politics and Public Policy Academic*

There has been a growing popularisation of the rhetoric of "fiscal discipline", expressed in the form of government expenditure reduction. As discussed earlier, the underlying implication of this is that despite resulting in public goods and services that benefit the general community, government spending (particularly spending resulting in budget deficit) is inherently inefficient compared to capital allocations made by the market.

Expenditure reduction is an apt example of the process of risk shift, as it results in the withdrawal, or limitations on the provision of government services with individuals paying for services "in the form of prices being paid by private providers instead of taxes paid to finance their provision through the public sector".[23] This leaves households, particularly those on low to moderate-incomes, more precarious as they are further exposed to market forces in a more globally integrated and volatile economy. The expectation is that the individual should carry the burden of a poorly performing market, yet many do not have the capacity to do so. This is even more compounded when considered in the context of the significant shift of debt from public to the private sector that occurred during the 1990s.

In recent years, fiscal discipline has manifested itself most notably through political commitments to reduce public debt and restore balanced or surplus budgets[24]. Indeed, the Gillard Government has continued this pledge with its commitment to "returning the budget back to surplus in 2012-13" through keeping "taxation as a share of GDP below the 2007-08 level on average and holding real spending growth to 2 per cent a year until the government returns to surplus". The government has also committed to maintaining its "fiscal discipline" upon return to surplus.[25]

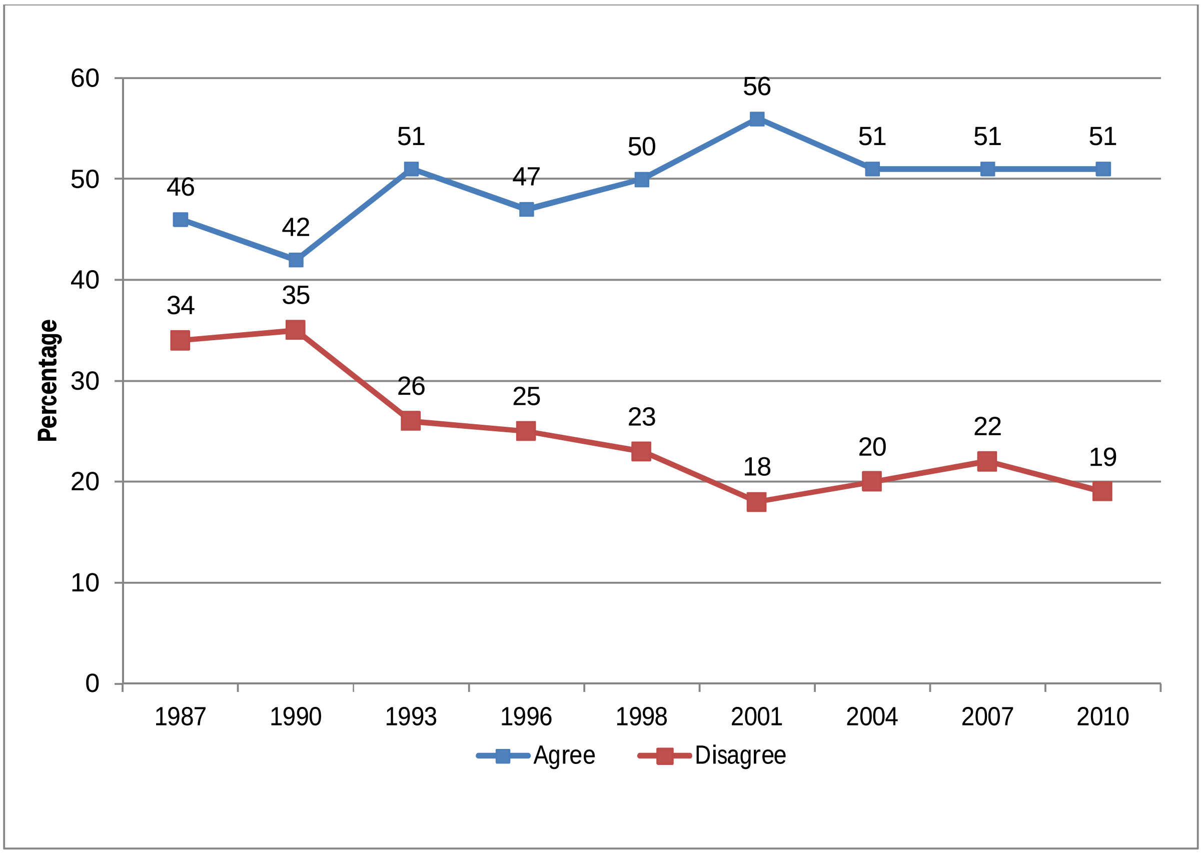
United Voice urges the government to exercise caution with its commitment to a budget surplus, particularly during this increasingly unstable global economic climate. We challenge the notion that all public debt is bad public policy – government investment ensures the costs of infrastructure spending are

[21] Quiggin, J (2009), An agenda for social democracy, Whitlam institute perspectives, paper 1, pg. 8
[22] Wanna, J (2011), "Worshipping the debt-free mantra of surplus", The Conversation, 05/05/11
[23] Brooks, N (2005), "Taxes and Human Purpose", Canadian Centre for Policy Alternatives, 09/12/05
[24] Scrap the surplus fetish, The Sydney Morning Herald, 28/01/11
[25] Australian Government (2011), Tax Reform: next steps for Australia, Tax Forum Discussion Paper, pg. 1

spread equitably within society. Furthermore during times of economic downturn, fiscal stimulus is necessary to ease the impact on the community and economy.

This commitment to fiscal restraint is somewhat contrary to public opinion. Analysis shown by the Australian National University's Australian Electoral Study has shown a marked trend of strong public support for income and wealth redistributed towards ordinary working people.

Graph 3: Public sentiment on the redistribution of wealth to ordinary working people (%) – 1987-2010



Source: *Australian National University (2011), Trends in Australian political opinion: results from the Australian election study, 1987-2010, National Institute for Public Policy, pg. 51, 99*

Furthermore, support for increased government spending on social services has also steadily increased since the survey originated in 1987. Backing for government support for social services has increased almost 130 per cent over more than two decades, whilst support for tax cuts over the same period of time has decreased by 41 per cent.[26] A recent Auspoll report commissioned by United Voice demonstrated that there is strong support for increased Federal funding for aged care (93%) and child care services (72%).[27] Analysis of several studies that measure public opinion on taxation undertaken by the ACTU shows that

[26] Australian National Institute for Public Policy, Australian National University (2011), Tends in Australian Political opinion: results from the Australian election study, 1987-2010, pg. 99

[27] Auspoll (2011), Attitudes towards Federal Government funding for different sectors – report prepared for United Voice, 8/08/11

whilst there still remains a number of Australians who support cuts to taxation if it means reducing social spending it appears that "this constituency has shrunk, the preference for social spending over tax cuts is not a niche opinion, it is mainstream".[28]

Whilst we support a restoration to a budget surplus during strong economic conditions, we caution that actions such as discretionary cuts to spending, privatisation of assets and other measures have the consequence of adversely impacting low to modest income households. Measures such as these were prevalent during the previous Coalition government, with one study noting:

"The Howard Government, for example, reduced debt by $45 billion as a result of the sale of Telstra and other major government assets, the equivalent of a household selling the home to pay off the mortgage. The government's net worth did not change, but the government was able to claim that it had reduced debt".[29]

As noted by several commentators and academics, the Howard government capitalised on a cyclical boom to accumulate a budget surplus, but its strategy of tax cuts and reductions in infrastructure investment left a "severe deficit in our infrastructure and in our institutional, environmental and social capital".[30] As noted by Saul Eslake, the government's current commitment to a surplus may risk "exacerbating what would already be a more fragile economic situation than had been anticipated when the objective of return the Budget to surplus was initially formulated".[31] We urge the government not to resort to myopic policy decisions aimed at returning the budget back to surplus.

Recommendation 11:

Within the climate of continuing global economic instability, United Voice urges caution with regard to returning the budget back to surplus, particularly when actions such as discretionary cuts to spending, privatisation of assets and other measures will have a disproportionately adverse impact on low to modest income households.

[28]ACTU (2011), Myths and realities: the tax system and attitudes to taxation, ACTU Working Australia Tax Paper No. 1", pg. 9
[29] Richardson, D (2011) Surplus fetish: The political economy of the surplus, deficit and debt, The Australia Institute, pg. 6
[30] McAuley, I (2011), Why Abbott's Budget is economic twaddle", New Matilda
[31] Eslake, S (2011), "Should we return to surplus by 2012-2013? The case against", The Conversation, viewed 12/08/11

Movement away from redistribution

Combined with this has been the stark movement away from framing taxation in terms of redistribution[32] to correct income inequality, to instead ensuring that tax is not seen as unduly inhibiting the productive capacity of the economy. This has been referenced within the government's own discussion paper:

"Taxes affect the level of investment, where investment and workers go in the economy, and how they are used. Ensuring our taxes are as efficient as possible will help to expand the economy's productive capacity and boost our output".[33]

The government's role within society is fundamentally shaped by the structure of its expenditure, including the proportion and the order of priority in spending on social goods and services, as well as how it funds this through its available revenue streams. United Voice argues the state redresses risk shift through progressive taxation in two ways. The first is that it results in a more equitable redistribution of income which corrects the skewed allocation of wealth resulting from a reliance on the private market. Fiscal intervention is vital to ensure that households are shielded from the risk of being "adversely affected by economic change to adapt and maintain their participation in a fair society that protects quality of life".[34]

Secondly, another fundamental and equally important role is to ensure a more socially acceptable distribution of economic power within society. Canadian taxation academic Neil Brooks describes the role of government taxes and expenditures in changing "the relative balance of power between workers and business interests in the long run". Progressive taxation corrects the imperfections of market forces which would result in the consolidation of power in the hands of a few, who benefit through advantageous market exchanges or by birth, to the disadvantage of many. Consequently, a reduction in taxes leads to a shift of power from "the majority of citizens where it is exercised through democratically elected public institutions to a small number of rich and powerful people where it is exercised through private markets".[35]

Taxation inhibiting labour force participation

Another related argument used to frame tax as a "burden" to the community is that it acts as a direct disincentive to increase participation in the workforce. The government's discussion paper speaks to the importance of reducing personal tax. In particular "tax cuts aimed at low and middle income earners, can increase the returns to work and increase participation, especially for secondary earners".[36] United Voice's concerns with this are twofold. First, we challenge the presumption within the public discourse that tax cuts are seen as having a positive impact within society. As Katherine Gregory explains, "the problem with

[32] We note the terms redistribution and social inclusion did not feature within the Government's discussion paper, and the term equity was only briefly used in the context of ensuring an equitable of taxation within society.
[33] Australian Government (2011), Tax Reform: next steps for Australia, Tax Forum Discussion Paper, pg. 2
[34] Keating, M (2004), The case for increased taxation, Academy of Social Sciences, pg. 25
[35] Brooks, N (2000), Taxation and Citizenship
[36] Australian Government (2011), Tax Reform: next steps for Australia, Tax Forum Discussion Paper, pg. 9

such an approach is that it fails to address the level of social goods and services the public require, and also undermines the legitimacy of the tax system as a public good".[37]

Secondly, whilst progressive taxation is acknowledged as an important aspect of the government's role in redressing the burden of risk shift onto households, we argue that it should not be the primary mechanism in redressing this imbalance. As Neil Brooks observes, "it has been relatively easy for business interests to scapegoat the government. Business has been able to sell lower taxes as one way people will be able to increase their after-tax income, and therefore their standard of living".[38] Furthermore, we have seen a trend towards business groups using cuts to taxation and changes to the transfer system to advocate for marginal or no increases to minimum wage.

"The tax and transfer systems have a decisive impact on relative living standards and the needs of the low paid. Ai Group submits that as a general principle, changes to the social safety net and in particular the income tax and transfer systems should be taken into account in considering the role of minimum wage adjustments in addressing relative living standards and the needs of the low paid."[39] – *Australian Industry Group, 2011 Annual Wage Review submission*

"Moreover, increases in minimum wages produce relatively minor improvements in minimum-wage employees' disposable income due to the interaction with the Australian tax and transfer system. The financial effect is modest because the tax and welfare system in Australia already operates to supplement the income of the low-paid, which in turn contributes to work disincentives among the low-paid and non-employed."[40] – *Australian Chamber of Commerce and Industry, 2011 Annual Wage Review submission*

In this regard, tax cuts act as an indirect subsidy to low wage employers and assists in effectively supressing increases to employee pay packets. Furthermore, the subsidisation of minimum wages through the taxation and transfer system reduces the incentive for employers to address issues, such as turnover, skills and technology which has the consequences of reducing productivity and compromising service quality.

Recommendation 2:

United Voice does not support the use of the tax and transfer system as the sole means of addressing the rising cost of living. We believe there must also be real increases to the minimum wage and low waged industries should not rely on the tax and transfer system to effectively subsidise their own workers' wages.

[37] Gregory, K (2009), Taxes: what are they good for?, percapita research paper, pg. 6
[38] Compass (1997), "Life and Taxes: Neil Brooks Interviewed",
[39] Australian Industry Group (2011), Annual Wage Review submission 2011, pg.19
[40] ACCI (2011), Annual Wage Review submission 2011, March 2011, pg. 174

The real disincentives to workplace participation: quality early education and care, aged care, skills recognition, insecure work and low wages

The fixation within the public debate on the interrelationship between taxation and employment does not take into account key incentives to labour force participation, and in particular, incentives which are of particular relevance to women workers. Factors inhibiting greater workforce participation include:

- *The prohibitive costs and variable quality of early education and care* – Evidence from two Treasury working papers demonstrates that the cost of early childhood education has a "negative effect on the labour supply of married mothers with children", while noting that high quality childcare also contributes to greater workforce participation. [41] Policies aimed at reducing the costs and raising the quality of early education and care can therefore increase the participation rate of women with children, with Patricia Apps noting that high quality affordable childcare would "more than repay itself in expanded female labour supply and likely increase in fertility that would result from making it more feasible for women to combine a career with having children".[42] Analysis from Goldman Sachs shows that should the rate of female participation match their male counterparts in Australia; this could lead to an increase in economic activity of approximately $180 billion.[43] Current workforce issues that inhibit labour supply, in particular the participation rate of women, place doubt on the rate of future economic growth.

- *The quality aged care* – With an ageing population, the importance of quality aged care is becoming more acute. We argue that this also has impacts for labour participation in the long run, as greater access to aged care can alleviate pressure on women with caring responsibilities and again encourage greater labour force participation.

- *The impact of insecure work and low* wages presents a significant risk not only to wage earners but the economy and society more broadly. A number of studies have shown low skill and low wage work remain prevalent in large numbers, where many remain low paid for considerable periods of time with damaging impacts to standards of living and personal wellbeing.[44] Low paid work tends to be heavily feminised. The precarious nature of low paid work presents itself through lack of income security due to heavy reliance on casualised or contracted labour, work intensification and stagnating wages.

- *Lack of recognition for skilled employment* – combined with the need for greater investments in skills and training to overcome skills shortages within the economy are career paths which encourage and utilise employee up-skilling. A study of the aged care sector by Ian Watson shows

[41] Gong, X, Breuing, R and King, A (2010), "New estimates of the relationship between female labour supply and the cost, availability and quality of childcare"

[42] Apps, P (2006), The new discrimination and childcare, paper presented at ASSA Workshop – Childcare: a Better Policy Framework for Australia, pg. 19

[43] Ferguson, A (2011), "Women in work = $180 million", The Saturday Age, 27/08/11

[44] Watson, I (2010), Mobility among Low Paid Workforce, Australia, 2001 to 2008: Report for the ACTU, pg. 3

> vocational qualifications are "still more poorly rewarded among aged-care workers, but so too are university qualifications. More over, in relative terms, the gaps between aged-care workers and other workers are more pronounced with annual earnings than they are for hourly rates of pay, and this is particularly notable amongst those with vocational qualifications".[45]

A reduction in tax receipts that have not been offset by increases in other revenue streams will have the effect of limiting the amount of financial resources available to the state to redress the economic imbalance within the economy through targeted programs and funding of government services. Both early childhood education and aged care wages, which we argue have a direct effect in the quality and provision of these two services, are directly impacted by the government's willingness and capacity to pay. Cumulatively, this has the effect of further compounding the risk shift felt by low to modest income households.

We argue those engaged within the workforce should be contributing to society in the form of taxation. The inability of wages to absorb the cost of living impact net of taxation speaks more to the level of wages being paid in return for work rather than the rate of tax being contributed. United Voice argues strongly against the use of transfer payments to replace increases in wages to subsidise low wage industries.

Recommendation 3:

United Voice argues that securing fair wages and greater access to income and employment security, combined with ensuring adequate supply of quality early childhood and education services and aged care, is a more effective method to increase labour market participation. Greater investment in skills and training, particularly for low-income workers, and ensuring job pathways for skilled workers will improve the productive capacity of the economy and fulfil a key priority of the government's reform agenda.

[45] Watson, I (2010), Low paid workers in the aged-care industry: analysis based on Census and HILDA data, Research report for LHMU, 13/08/10, pg. 32

Section 2: Addressing the structural imbalances in the tax and transfer system

In this section, we seek to also draw attention to the structural inequities prevalent within the taxation system that result in unduly penalising or serving the interests of particular groupings at the expense of others.

Personal Tax

Discussion questions from *"Tax Reform: Next Steps for Australia":*

How should family payments and childcare assistance support parents' choices about how to balance and share work and caring roles at different stages in their children's lives?

What incentives and obligations in transfer payments could further encourage skills formation, workforce participation and promote early childhood development?

Are there any unintended or inappropriate concessions in the tax and transfer system that could be removed to help fund priorities elsewhere?

Are there opportunities to improve efficiency in the housing market with alternate tax settings and policies?

The Government's discussion paper and the AFTS review draw attention to the problems relating to the design differences of a large number of tax offsets which have added "significant complexity to the tax system" ultimately inhibiting the transparency of the tax system. This complexity has the effect of increasing compliance and administration costs, undermining public confidence in the tax system and providing opportunities for some taxpayers to pay less tax than similar individuals.[46]

United Voice seeks to widen the discussion to encompass tax expenditures more broadly. We refer to items of the tax code that offer tax breaks and loopholes to individuals who undertake specified actions or belong to particular social groups, thus allowing them to minimise their liabilities. The main forms of tax expenditures include tax exemptions, tax deductions, tax rebates or offsets, tax concessions, allowances, rate relief, provision of tax deferral and income averaging. We elaborate on two particular problematic aspects of tax expenditures examples below.

Impact of Tax Expenditures on Housing Affordability

United Voice members have expressed strong concerns with regard to the issue of housing affordability. We seek to explore how the current tax policy interacts with this policy area, and, in doing so, we look to

[46] Pattugalan, K and Ellis, D (2010), Australia's marginal tax rates, tax offsets and the Medicare levy, Economic Round Up, pg. 8

broaden the scope of discussion on affordable housing to beyond the framework of housing assistance through the transfer system.

Despite the recent flattening of property values, Australia has some of the most unaffordable housing in the world. A recent study by AMP in conjunction with NATSEM demonstrated that during the last two decades, the price of housing had increased by 263 per cent whilst after-tax income grew by only 95 per cent. This substantial divergence was most pronounced during the last decade where median house prices more than doubled to $417,500, whilst annual median after-tax household income increased by only half, to $57,000 in 2011.[47] According to the Australian Bureau of Statistics, the proportion of homes sold that were affordable to moderate income households declined from 36% in 2003-04 to 27% in 2007-08.[48]

Analysis has shown the provision of stable affordable housing is key to ensuring workplace participation, particularly for low-income households, and in poverty alleviation for older Australians in retirement.[49] United Voice expresses concern with regard to policy positions that exacerbate housing unaffordability, particularly for low to middle income households. Of particular concern are the impact of two particular tax expenditures, negative gearing and capital gains arrangements. Whilst proponents of negative gearing argue the mechanism allows for a greater supply of affordable housing, research demonstrates most negatively geared investors seek higher value housing[50], placing it "out of the market for poorer persons, since this type of housing is most likely to appreciate significantly and generate the capital gains that are crucial to the viability of the investment"[51]. On the other hand, the current capital gains tax arrangements allows for, in particular, high-income investors to reduce their tax obligations on income earned through passive investment. This uneven application also benefits those who acquire wealth through borrowing and speculation, compared with those earning their income primarily through working and saving.

Arguably both negative gearing and capital gains concessions provide a "pretty large subsidy from people who are working and saving to people who are borrowing and speculating (since those landlords who are making 'running losses' on their property investments expect to more than make up for those losses through capital gains when they sell properties".[52] It has been estimated that if the 1.1 million landlords who in total reported net losses in 2008-09 were in the 38 per cent income tax bracket, their ability to

[47] AMP.NATSEM (2011), The great Australian dream – just a dream?, AMP.NATSEM income and wealth report, issue 29,

[48] ABS (2010), Housing Affordability for Home Buyers, Measures of Progress, Cat no. 137.0

[49] Sibillin, A, "Affordable housing 'key to enabling workers'", Australian Financial Review, 06/09/11; Bradbury, B and Yates, J (2010), Home ownership as a (crumbling) fourth pillar of social insurance in Australia, Journal of Housing and the Built Environment, 25; Australian Government (2008), Chapter 2: Social Aspects of home ownership, A good house is hard to find: Housing Affordability in Australia - Report of the Senate Select Committee on Housing Affordability in Australia,

[50] Disney, J (2006), Over our heads, Housing Costs and Australian Families, Australian Quarterly, Vol 78, no 2, pg. 7; Wood, G, Rachel, O and Stewart, M (2011), Chapter 8: Housing taxes and the supply of private rental housing, Housing and Tax Policy, pg. 230

[51] Krever, R and van der Westhuysen, A (2010), The Henry Review and housing – two steps forward and two steps back, Around the House – the newsletter for Shelter NSW, June 2010, pg. 9

[52] Eslake, S (2011), Time to change the unfair rules for negative gearing", The Age, 25/04/11

offset those losses against their other taxable income would have cost more than $4.3 billion on foregone revenue. If a fifth of them had been in the top tax bracket then the cost to revenue would have topped $4.6 billion.[53] Furthermore, it was acknowledged in the AFTS Report that during 2007-08 the bottom 20 per cent of taxpayers earned around 4 per cent of dividend income and 5 per cent of net capital gains, by contrast the top 10 per cent of taxpayers received over 60 per cent of net capital gains and dividends.[54] Treasury estimates that capital gains discounts for individuals and trusts cost the government $5.4 billion in foregone revenue during 2010-2011.[55] As a result, there is a clear inequity in income received through these concessions for those on higher incomes, but also this lost revenue impacts those on low to modest incomes through cuts in social services.

Recommendation 4:

With regard to the government's proposal to provide a discount similar to what currently applies to capital gains on net rental income, United Voice echoes the concern expressed within the AFTS report that it may have the effect of further increasing the cost of private rental accommodation. We recommend that before implementing any changes the government undertake a broad ranging enquiry into the impact of preferential tax treatments such as negative gearing and capital gains on household affordability (including the proposed changes) and the impact on low to moderate-income individuals and families.

Superannuation concessions

Superannuation is one of the most concessionally taxed investments in Australia, with contributions, fund earnings and payouts all receiving concessional treatment. It is also one of the largest tax expenditures provided by government, estimated at $26.9 billion (24 per cent of total tax expenditures) in 2009-10, and it is projected that this will increase during 2011-12 to $30.9 billion (25.1 per cent of total tax expenditures).[56] Despite this, the Tax Forum discussion paper notes that currently 3.5 million low-income individuals receive little or no personal income tax benefit from their super contributions.[57] In contrast, the concessional treatment disproportionately benefits high-income individuals, with the AFTS review panel acknowledging that 5 per cent of individuals account for more than 37 per cent of concessional contributions.[58]

This disproportionate benefit is primarily due to the preferential tax treatment of contributions, specifically the flat tax rate of 15 per cent applied to contributions, allowing for an effective tax concession of up to

[53] Eslake, S (2011), Time to change the unfair rules for negative gearing", The Age, 25/04/11

[54] Commonwealth Government (2009), Australia's future tax system – Report to the Treasurer, Part two detailed analysis, volume 1 of 2, pg. 66

[55] Australian Treasury (2011), Tax Expenditures Statement 2010, January 2011, pg. 7

[56] Australian Treasury (2011), Tax Expenditures Statement 2010, January 2011, pg. 4

[57] Australian Government (2011), Tax Reform: next steps for Australia, Tax Forum Discussion Paper, pg. 11

[58] Industry Super Network (2009), Supplementary submission on retirement incomes to Australia's Future Tax System Review, pg. 7

31.5 per cent (including the Medicare Levy). The current superannuation concessions for personal contributions can be summarised in the table below:[59]

Table 1: Superannuation tax concessions by income (assuming $1,000 of SG or salary sacrifice savings)

Income	Marginal tax rate	Contribution tax rate	Effective concession on contributions (%)	Marginal tax on $1000	Cont. tax on $1000	***Concession $***
$0	0%	15%	-15.0%	0	-150	***-150***
$15,000	16.5%	15%	1.5%	-165	-150	***15***
$30,000	20.5%	15%	5.5%	-205	-150	***55***
$35,000	35.5%	15%	20.5%	-355	-150	***205***
$63,750	31.5%	15%	16.5%	-315	-150	***165***
$80,000	39.5%	15%	24.5%	-395	-150	***245***
$180,000	46.5%	15%	31.5%	-465	-150	***315***

Source: *Industry Super Network, Supplementary submission on retirement incomes to Australia's Future Tax System Review, pg. 7*

United Voice argues that the current structure of super concessions on contributions, which totalled $14.3 billion in foregone revenue in 2010-11, is improperly targeted.[60] Modelling by Ben Spies-Butcher and Adam Stebbing shows that during 2008-2009, those earning up to $35,000 per annum received no financial benefit, whilst those receiving over $180,000 per annum received on average $11,321 in government support.[61] Furthermore, the evidence that suggests tax concessions stimulate additional private savings is weak as "the concessions flow overwhelmingly to the well-off, who would save anyway, the overall effect may be to alter savings patterns without creating a net increase in savings".[62]

We acknowledge the Federal Government's recent attempt to redress the inequities in superannuation tax expenditures through the Low Income Earners Government Super Contribution scheme. However, despite providing an annual maximum rebate of $500 for those earning up to $37,000, the regressive flat 15 per cent rate will still be in place, benefiting those on higher incomes disproportionately. Moreover, the scheme is not indexed and subsequently will no longer provide the full tax offset to low income earners once the SG rate is increased to 12 per cent.

United Voice advocates that progressivity be introduced in the taxation of superannuation contributions through abolishing the current 15 per cent contribution tax and instead for all employer and personal contributions to be made from post- tax income. That is, the current 15 per cent flat tax rate would be

[59] Includes impact of Medicare Levy and Low Income Tax Offset (2009-10 year). However, does not include impact of recently announced Low Income Earners Government Contribution scheme, which will provide an effective 15% rebate for low-income earners who currently receive no benefit or negative concessions (from 2012-13).
[60] Australian Treasury (2011), Tax Expenditures Statement 2010, January 2011, pg. 7
[61] Spies-Butcher, B and Stebbing, A (2009), Reforming Australia's Hidden Welfare State: Tax expenditures as welfare for the rich, Centre for Policy Development Occasional Papers, 6, pg. 8
[62] Ingles, D (2009), "The great superannuation tax concession rort", The Australia Institute, February 2009, p.4

replaced with the statutory marginal rates on personal income. United Voice notes that a number of superannuation industry stakeholders, including Industry Superannuation Network and the ACTU, have previously advocated such an approach. United Voice further recommends that in order to specifically assist low to moderate-income earners, a flat rate rebate (e.g. set at 15 or 20 per cent) should be introduced. To ensure appropriate targeting, this concession would taper once individuals earn over a particular threshold and phase out altogether at a higher threshold. Similar proposals have been put forward by the Centre for Policy Development and the Australia Institute. These measures combined would allow for a fairer distribution of concessions to target those most in need of assistance.

United Voice notes the review of income stream products allowing individuals to "manage their superannuation savings through retirement".[63] United Voice supports a thorough investigation before any modifications are made to rules or legislation are introduced to increase product innovation to ensure that market risk is limited for those on low and modest incomes.

Lastly, we commend the government's commitment to maintaining the current treatment of the family home in the income support means tests. We reassert the purpose of superannuation as an additional supplement to the pension system and argue that any review into the adequacy of income and means testing of the pension must be framed to ensure that the integrity of the system is maintained and that the architecture of the system delivers fair and just retirement adequacy for those with low to moderate incomes and wealth.

Recommendation 12:

United Voice recommends that the current rate of taxation on superannuation contributions is replaced with the statutory marginal rates on personal income. Furthermore, in acknowledgement of the impact of low income, precarious work and or breaks in employment on retirement savings, a capped co-contribution should be introduced to target those on low to moderate incomes.

United Voice supports a thorough investigation before any modifications to rules or legislation to increase product innovation to ensure that market risk is limited for those on low and modest incomes.

Any review into the adequacy of income and means testing of the pensions must be framed in ensuring that the integrity of the system is maintained and that the architecture of the system delivers fair and just retirement adequacy for those with low to moderate incomes and wealth.

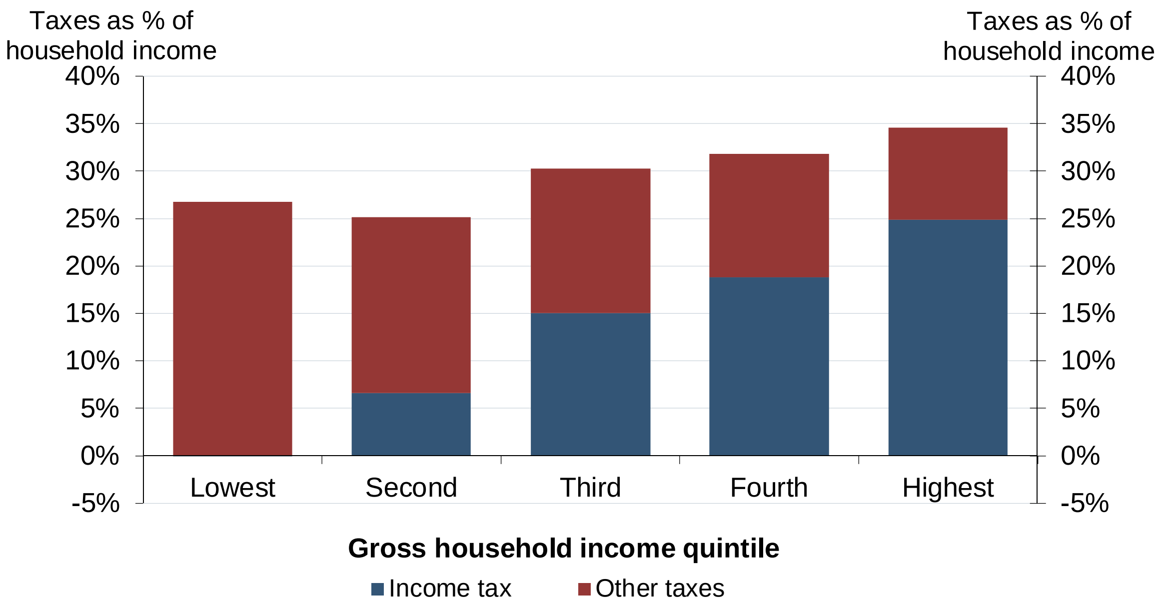
Other reforms: broadening the personal tax base

Whilst progressivity can be found in the in the personal tax system, once other taxes (such as consumption taxes) are considered, the overall tax system becomes less progressive. According to ABS statistics,

[63] Australian Government (2011), Tax Reform: next steps for Australia, Tax Forum Discussion Paper, pg. 11

households in the top 20 per cent of the income distribution pay an average of 34.5 per cent of their incomes in taxes, whilst households in the bottom 20 per cent pay 26.7 per cent (see graph below).

Graph 4: Taxes as a proportion of income by quintile (2003-04)



Source: *ACTU, Australian Bureau of Statistics (2007), Government Benefits, Taxes and Household Income, Australia, 2003-04, Cat. No. 6537.0, Table 9, ACTU*

United Voice supports further investigation into innovative methods designed to broaden the tax base, in particular to ensure that high net worth individuals who have the capacity to contribute a greater share in the tax system do so. An example of this is looking at the potential introduction of a bequest tax targeted on large estates as discussed within the AFTR. As noted in the review "because the distribution of wealth in Australia is so uneven, most revenue available from a bequest tax could be raised from the top 10 per cent of households by wealth". [64]

Recommendation 13:

United Voice recommends the government facilitate community discussion with regard to innovative methods to broaden the personal tax base to ensure greater progressivity into the tax system.

[64] Commonwealth Government (2009), Australia's future tax system – Report to the Treasurer, Part two detailed analysis, volume 2 of 2, pg. 137

Corporate Taxation

United Voice prefaces this discussion regarding corporate tax by reiterating, as the government has found in its own comparison of the Australian tax system to international counterparts, that corporate taxation is only one of a range of complex considerations for investors. Other factors include market proximity; quality of infrastructure; location of like firms in industry; presence of related industries; labour force skills and productivity; efficient, transparent and appropriately regulated financial, product and labour markets; resource endowments; and political and economic stability. As the government noted, "[F]or tax to have an impact on the location decision between countries, the choice between possible locations based on all the other non-tax factors would need to be quite a close one".[65]

International comparisons of Corporate Tax

United Voice notes the Government's position with regards to the lowering of the corporate tax rate from 30 per cent to 29 per cent from 2013-14, with the changes for small companies commencing in 2012-13. To support this decision, the government cited OECD data suggesting Australia's total tax revenue raised directly from corporate income is higher than the OECD average.[66] However, the AFTS review showed this is largely due to an increase in corporate profits, as well as "structural differences in the composition of the incorporated sector… the imputation system as well as the strong performance of the Australian corporate sector in recent years". The effective corporate income tax rate as a proportion of profits has risen very little and remains below the rates during the 1980s and 1990s.[67] Analysis by Julian Disney demonstrates that Australia ranks 7 out of the OCED-9 when comparing the revenue from corporate and payroll tax (as a percentage of GDP).[68]

Of the five countries most comparable with Australia, two have high rates (US at 39 per cent and Canada at 31 per cent), two have lower rates (Netherlands at 25.5 per cent and UK at 28 per cent) and one has the same (Spain at 30 per cent). Furthermore, whilst Australia's tax rate is slightly higher than the average tax rate of the ten countries (28.7 per cent), if Ireland's exceedingly low 12.5 per cent rate was omitted Australia's tax rate would be lower than the average rate of 30.5 per cent.[69]

However, caution should be exercised in the use of international comparisons of corporate income tax to the differing classifications as to what constitutes corporate tax in each country. For example, there is differential treatment in factoring payroll, superannuation and social security contributions and omissions of state and local taxes.[70] Furthermore, factors such as the differing levels of incorporation within each country (including exclusion of certain companies from corporate tax figures in the US and Germany), and

[65] Australian Government (2006), "Chapter 11: Taxation and labour and capital flows", International comparison of Australia's Taxes, pg. 333, 338
[66] Australian Government (2011), Tax Reform: next steps for Australia, Tax Forum Discussion Paper, pg. 21
[67] Australia's future tax system – Report to the Treasurer as cited in TaxWatch (2009), A comparative update on aspects of the Australian Tax System, April 2010, pg. 14
[68] Disney, J (2011), TaxWatch presentation to Australian Treasury (unpublished)
[69] TaxWatch (2009), Australia's corporate income tax rate, 29/10/09
[70] TaxWatch (2009), A comparative update on aspects of the Australian Tax System, April 2010, pg. 16

the amount of tax that cannot be attributed to individuals or companies (in the case of New Zealand, Denmark and Iceland, but not in Australia).[71] Lastly, international comparisons of the level of corporate taxes do not take into consideration assistance provided in the form of direct subsidies or investment in corporate specific infrastructure provided by the government to encourage further domestic and foreign capital investment.

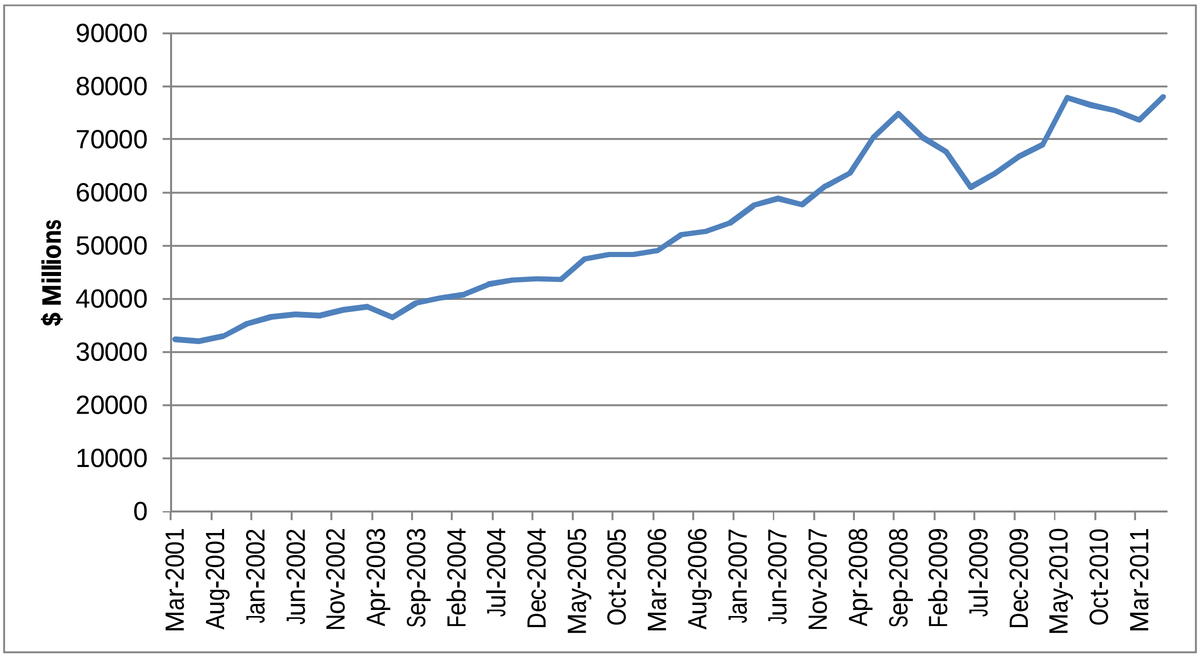
Detailed studies of the effective and average rate of corporate tax show that there are significant variations across industries, with some paying under the 30 per cent flat rate of tax.[72] Furthermore, the effective marginal corporate tax rate has fallen over the past 25 years.[73] This has been attributed to the variations in tax treatments afforded to companies, which include availability of tax concessions. The government has conceded that in the case of capital-intensive industries, such as the mining sector "high levels of depreciation expenses mean that the levels of taxable income and thus company tax receipts, are lower than would be the case otherwise".[74] During 2009-10, assistance to industry amounted to $17.3 billion in gross terms and $9.3 billion in net terms. This includes $9.4 billion in tariff assistance, $3.7 billion in budgetary outlays and $4.1 billion in tax concessions.[75] It is estimated industry benefited by a figure of $8.24 billion from corporate tax expenditures – this amount excludes any benefits to business captured in other benchmarks including capital gains concessions.[76]

Tax capacity of the corporate sector

Furthermore, it can be argued that the corporate sector has the capacity to increase its contribution to the tax mix. As previously discussed, the share of profits compared with wages has increased over time, with total business gross operating profits increasing 140 per cent over the last decade to $78 billion dollars in June 2011.[77] As demonstrated in the graph below, whilst business saw a dip in profits during the period of global economic downturn, profits have returned to pre financial crisis levels.

[71] Clark, J, Pridmore, B and Stoney, N (2007) Trends in aggregate measures of Australia's corporate tax level, pg. 4
[72] Greagg, P, Parham, D and Stojanovski, P (2010), Disparities in the average rates of company tax across industries; Commonwealth Government (2009), Australia's future tax system – Report to the Treasurer, Part two detailed analysis, volume 2 of 2, pg. 168-169
[73] Clark, J, Pridmore, B and Stoney, N (2007) Trends in aggregate measures of Australia's corporate tax level, pg. 4
[74] Commonwealth of Australia, Statement 5: Revenue, 2011-2012 Budget Papers, pg. 5-13
[75] Productivity Commission (2011), Trade and Assistance Review 2010-11, pg. XV, XVI
[76] Commonwealth Government (2011), Tax Expenditures Statement, pg. 5
[77] Australian Bureau of Statistics, Table 15 Business Gross Operating Profits, Current Prices, Business Indicators, Australia, Cat No. 5676.0

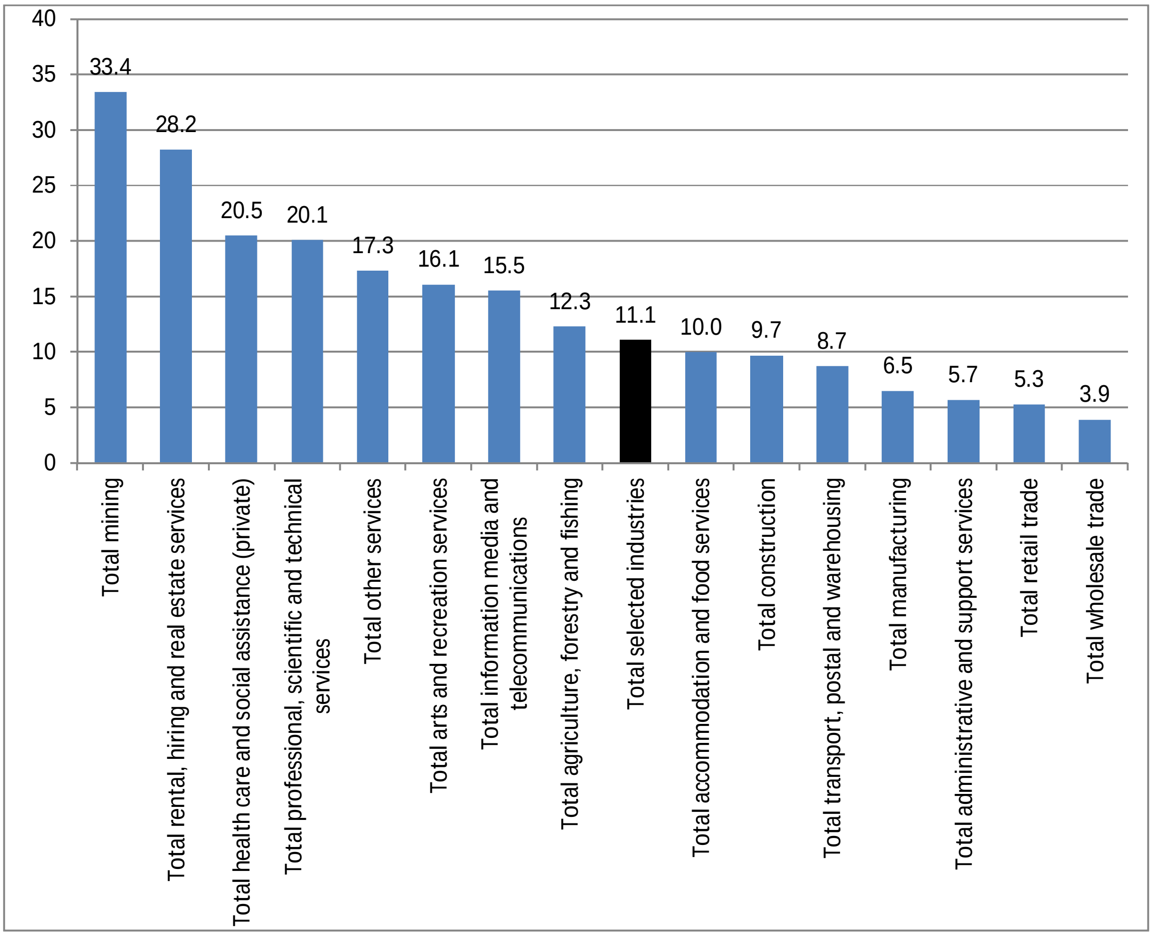
Graph 3: Business Gross Operating Profits (seasonally adjusted) 2001-2011



Source: *Australian Bureau of Statistics (2011), Table 15 Business Gross Operating Profits, Current Prices, Business Indicators, Australia, Cat No. 5676.0*

A glance at industry profit margins also shows that the mining sector in particular operates at a significant profit margin of 33.4 per cent, 22.3 per cent above the industry average.

Graph 5: Profit Margin (%) of selected industries 2009-10



Source: *Australian Bureau of Statistics (2011), Australian Industry, 2009-10, Cat no. 81550DO002_200910*

According to Treasury estimates, in 2011-12 company tax will contribute only 22.7 per cent of total tax revenue, compared with revenue from individual income tax at 45.8 per cent.[78] There is public support for an increase in the contribution of revenues derived from business tax to the tax mix. A study by Per Capita released in early 2010 showed that a majority of respondents (64 per cent) felt that business did not contribute enough tax. These sentiments held across age groups, income brackets, education levels and political party preference.[79]

[78] Commonwealth of Australia, Table C1" Australian Government (accrual) revenue, Appendix C: Revenue and Receipts History and Forecasts, Statement 5: Revenue, 2011-2012 Budget Papers, pg. 5-41
[79] Gregory K, and Herthington, D (2010), Per Capita Tax Survey: Public Attitudes towards taxation and government expenditure, pg. 6

Corporate tax and the minimum wage

The interrelationship between taxation and minimum wages does not just contain itself within the personal tax system, with the AFTS review noting that there are suggestions that a rise in the rate of corporate taxation may in effect be absorbed by the labour force through lower wages.

> "Hassett and Marthur (2006) find that a 1 per cent increase in the corporate tax rate is associated with a close to one per cent drop in wage rates. Felix (2007) estimates that a 10 percentage point increase in the corporate tax rate reduces annual gross wages by 7 per cent. Arulampalam, Devereux and Maffini (2009) estimate that around 75 per cent of any increase in source-based taxes on corporate income is passed onto workers in low wages in the long run"[80]

These studies highlight another example of the shift in risk and responsibility through the passing on of liabilities, in this case the increase in company tax, from the business sector to their workers. United Voice maintains that the argument that the corporate tax rate should be reduced because a high rate of tax has disadvantageous affect on wage is reduced is disingenuous. This argument simply normalises the shift of corporate sector risk onto workers, who we argue are not equipped to absorb this impact.

Conversely, United Voice questions the implication that lower corporate tax will automatically result in supporting "labour productivity and higher wages".[81] As mentioned previously, the increase in company profits observed during the economic boom has not resulted in proportionate increase in employee share of profits. We argue that this is likely that this trend will continue even after a reduction of corporate tax liabilities.

Tax policies designed to increase the level of corporate risk

Lastly, United Voice urges the government to exercise caution in reviewing the tax treatment of losses in order to further encourage corporate risk taking through entrepreneurship.[82] As demonstrated previously, the impact and consequences of increased risk are not simply quarantined within the business community. The subsidising of risk by protecting the private sector from the consequences of unsound decisions, which occurred during the post-GFC bailouts, has potentially disastrous effects not only for Governments. Workers and households are also affected as they are increasingly being utilised as the "shock absorbers" of last resort due to the impact of financialisation. United Voice argues that any policies which allow for offsetting of corporate losses to prior years taxable income may have the effect of negatively impacting revenue streams that governments could use to alleviate the impact of economic downturn for low to moderate income households.

[80] Commonwealth Government (2009), Australia's future tax system – Report to the Treasurer, Part two detailed analysis, volume 2 of 2, pg. 152-153

[81] Australian Government (2011), Tax Reform: next steps for Australia, Tax Forum Discussion Paper, pg. 22

[82] Commonwealth Government (2009), Australia's future tax system – Report to the Treasurer, Part two detailed analysis, volume 2 of 2, pg. 174-175

This is not to say that United Voice unilaterally advocates against government intervention within the corporate sector. Government programs such as GEERS has ensured that workers entitlements are protected in the event of a financial collapse of a company. However, we urge the government to ensure that the protection of vulnerable households is prioritised over compensating businesses that engage in high-risk practices without regard for their workforce or the impact of this risk on the economy.

Recommendation 14:

United Voice supports an investigation by the government, with the involvement of unions, business and the broader community, into the efficacy of assistance to industry in the form of tax concessions and incentives as raised in the Tax Forum discussion paper. In particular, the government should investigate whether this assistance has resulted in positive long-term job creation, skill development and higher wages within the economy.

In order to moderate the extent of risk shift from the corporate sector onto households, United Voice opposes any decrease of corporate tax. Furthermore, a broadening of the tax base through innovative methods, such as the Financial Transactions Tax, should be investigated to ensure that revenues from corporate sector are not decreased. We also strongly argue for better levels of public disclosure of the level of corporate tax paid by individual companies and industries, as well as the subsidies utilised by industry.

Transfer System:

The problematic interaction between the transfer system and work engagement has been well documented. We draw attention to the work done by the National Welfare Rights Network which outlines that over the past 15 years the transfer system "designed to address much of life's risks in relation to unemployment, disability and illness – has consistently placed more risk on the individual and has demanded more and more individual responsibility for self financing through private insurance, tougher waiting periods and tighter targeting". As a result, they observe that individuals have increasingly carried a disproportionate level of risk.[83] The result of these distortions results in increasing unfairness and inequity within the community compromising social inclusion.

United Voice draws attention to problematic areas concerning the transfer system. This includes the penalising effects of the high effective marginal tax rates on those with low incomes due to the rate of withdrawal of transfer payments and the importance of ensuring adequate childcare support for working families.

Single family payment based household income

Work by Patricia Apps and Miranda Stewart explored the impact of the use of joint household taxation in the means testing of the Family Tax Benefits A and B.[84] Instead of being taxed at an individual marginal tax rate, under joint taxation the tax rates of partners are interdependent. This means that the marginal and average tax rates faced by a family member will vary with their partner's earnings as well as their own income.[85] We emphasise here that that it is the rate of withdrawal of the benefit, which, in effect, creates a regressive rate of taxation on the second income within a household. This, combined with limited access to affordable high quality childcare, creates potential disincentives for women to engage in the workforce, potentially limiting national productivity capacity and economic growth.

Whilst the recent changes as part of the Clean Energy Future plan allow for increased transparency due to the integration of the Low Income Tax Offset into the tax rate schedule, we agree with the assessment of Miranda Stewart that the reforms do not effectively redress the "bias against mothers who return to work and earn low to middle incomes in dual income families".[86] We acknowledge the measures introduced by the Government in attempting to increase the rate of female participation in the workforce, particularly the introduction of the Paid Parental Leave Scheme. However, whilst the consolidation of family benefits may increase simplicity and smooth the tapering of the payment, it is still means tested on a single income test on combined family income. This still preserves joint taxation that contains the perverse incentives for women to withdraw from the labour market and "embed(s) the breadwinner-homemaker model for caring and work" for all couples with children.[87]

[83] National Welfare Rights Network (2008), Submission to Australia's Future Tax System Review, October 2008, pg. 5

[84] Stewart, M (2009), Gender equity in Australia's Tax System, Gendering the Fiscal State, pg. 3;

[85] Apps, P (2010), Why the Henry Review fails on Family Tax Reform, pg. 10

[86] Stewart, M (2011), Carbon Tax a step towards reform, but working mothers miss out, The Conversation, 11/07/11

[87] Stewart, M (2009), Gender equity in Australia's Tax System, Gendering the Fiscal State, pg. 12

Recommendation 15:

United Voice recommends that the government review the rate of withdrawal of transfer payments to minimise any penalising effects on families with low incomes.

Childcare payments

"One of the reasons I am involved with the Big Steps campaign is I know how hard the job really is, the endless paperwork, the multi-tasking and constant juggling that are part of it. It is harder and worth more than people are given credit for.

My concern as an owner-operator is the standard of education we provide. We need to provide quality care and education for children in their key developmental years. We need to make sure we are getting that right. Instead, we have to live with constant staff turnover, and losing amazing people who can get more money elsewhere, which undermines what we are trying to achieve. We are constantly losing quality educators.

As owners and directors we want to train people who are passionate about early childhood education, instead of constantly having to train new people. I don't know many centres that don't have to do that. They pump their money back into their businesses and train their staff but, what we can't do, is match professional wages. For our parents to do that from fees it would cost nearly an extra $100 a week per child to get our staff near professional wages and be competitive with other occupations." – *Alice Voigt, ECEC Owner and Operator*

United Voice applauds the Government's quality reforms in early childhood education and care (ECEC).[88] As previously noted, we support measures aimed at ensuring that parents and carers, as well as childcare educators, are given effective assistance to allow for raising "future generations of healthy and educated Australians".[89] However, quality ECEC services provision is dependent on quality staff. United Voice argues that the current funding system does not adequately meet the true cost of providing quality education and care. In order to ensure the Australian ECEC sector is a quality sector the ability to attract and retain quality staff is paramount. This can only be achieved through professional wage rates.

The Productivity Commission's draft report into the Early Childhood Development Workforce affirms that wages for ECEC professionals are not competitive relative to other sectors[90] and that wages rarely exceed the minimum award rates to any substantial degree.[91] The Productivity Commission accepts evidence presented by United Voice, as well as several large employers, that many workers do not find the benefits

[88] COAG (2009), National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care, Canberra

[89] Australian Government (2011), Tax Reform: next steps for Australia, Tax Forum Discussion Paper, pg. 2

[90] Productivity Commission (2011), Early Childhood Development Workforce, Draft Report, pg. 40, 83

[91] Productivity Commission (2011), Early Childhood Development Workforce, Draft Report, pg. 53

of additional qualifications to be worthwhile, since compensatory wage increases are minimal.[92] The draft report acknowledges that the workforce targets of the National Quality Framework will not be met without increases in wages in order to attract and retain workers in the sector. Existing workforce strategies in the form of training subsidies are important, but insufficient, as policy instruments to increase the supply of labour and retain workers in the sector. Many educators are simply not willing to take on further study due to the issues of time and cost and due to small wage rate rises in comparison to the greater responsibility. Without addressing the issue of low pay, Australia cannot achieve the system of quality education and care which it needs.

In 2009-10 approximately $4.7 billion was spent by governments on the ECEC sector, of this the bulk ($3.8 billion) was spent by the Federal Government. The vast majority of this consists of subsidies to parents in the form of Childcare Benefit (CCB) and Childcare Rebate (CCR) which amounted to $3.3 billion in 2009-10. It is anticipated that expenditure on these subsidies will increase to some $4.5 billion by 2014/2015[93]. The amount of government expenditure on fee subsidies to assist affordability has risen dramatically in recent times – in 2004-05 the total expenditure was some $1.5 billion, expenditure has more than doubled in only five years. In addition to the government expenditure parents are also contributing to the costs of ECEC. While there is no official data available on total parent spending, United Voice estimates in long day care alone parents outlay some $1.5 billion per year.[94]

The AFTS report recommended combining the two current subsidies to parents, CCB and CCR, into one payment that would be paid per child based on a percentage of child care costs, i.e. out of pocket expenses. The recommendation would mean a higher rate of payment to low income families, meeting up to 90% of costs and a base rate of assistance available to all families to facilitate workforce participation.[95] Further recommendations included means testing the payment down to the base rate on family income and that this means testing should have regard to the interaction with other means tested payments, i.e. Family Tax Benefit, so as to reduce workforce participation disincentives.[96]

United Voice argues that whilst these recommendations may possibly provide a much welcomed assistance to low-income families, it does not solve the fundamental problems associated with a funding system which is subsidising parent costs rather than direct provision of service. Nor do these changes address the key market failures, specifically patchy supply, limited staff development and price inflation associated with the current funding arrangements for ECEC as identified in a recent PriceWaterhouseCoopers Report.[97] The system is a trade-off between affordability and quality and the pressure on services to keep costs low is often to the detriment of quality. We strongly argue that ensuring community access to a high quality and

[92] Productivity Commission (2011), Early Childhood Development Workforce, Draft Report, pg. 57-8
[93] Productivity Commission (2011), pg. 37 from DEEWR and FaCSIA, June 2011
[94] Estimate calculated by United Voice based on CCR expenditure and uptake of CCR
[95] Commonwealth Government (2009), Recommendation 99, Australia's future tax system – Report to the Treasurer
[96] Commonwealth Government (2009), Recommendation 100, Australia's future tax system – Report to the Treasurer
[97] PricewaterhouseCoopers (2011), A practical vision for early childhood care and education, March 2011, pg. 16

affordable ECEC requires qualified and experienced staff. This cannot be achieved where wages and conditions in the sector are equal to or below those in other sectors requiring less skills and experience.

Increasing the existing consumer subsidies will not create an effective or cost-effective solution for wage justice. Most long day care centres operate according to tight profit margins and face pressures to maintain affordable education and care. This constrains the ability of operators to pass on wage increases in situations where additional demand-side funding becomes available. Whilst the Federal Government more than doubled its annual outlay on the CCB and CCR between 2005 and 2010, this major expansion in funding did not 'trickle down' to workers. Whilst wages grew only marginally, the bulk of funding was largely absorbed into higher centre fees and led to a modest reduction of costs for parents. Between 2005 and 2010, whilst out of pocket expenses for parents fell by 20.5% centres raised their fees by 41.7%.[98]

Another problematic aspect of subsides to consumer spending on ECEC is that current demand-side funding mechanisms are inflationary. Direct subsidisation does not address the escalating costs of ECEC. Rather, as service fees rise the rate of government expenditure follows without targeting the causes of the unsustainable increasing costs of care creating a vicious cycle. Moreover, direct subsidies have no mechanism to ensure that increases in funding flow towards the major cost factors within ECEC provision; namely, labour costs which comprise an estimated 73% to 82% of the total costs.[99]

United Voice argues that current funding mechanisms act to prevent ECEC professionals from bargaining for higher wages.[100] Government subsidies directed to consumers comprise the bulk of financing of the ECEC sector, and therefore constitute the chief means by which employers' capacity to pay wages are enabled. This, combined with the lack of indexation of demand-side subsidies to the costs of operation means that childcare professionals are therefore placed in an untenable position where any claim for higher wages would impose an additional cost on parents. In light of growing community concerns about the increasing cost of education and care, the existence of such a trade-off between consumer affordability and wage justice is not fair on either workers or the parents who are reliant on affordable ECEC. When we consider these limitations inherent in the current ECEC funding system, it is in fact no paradox that the continuation of low wages can occur simultaneous to continued undersupply of labour in a climate of growing concerns about the affordability of ECEC services.

United Voice draws the Government's attention to the PricewaterhouseCooper review recommendation that funding levels should be determined by the *actual* cost of high quality service delivery, rather than price indexation.[101] It calls for the benchmarking of a subsidy system to the actual cost of delivery, and strategic supply-side intervention where required.

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[98] Australian Bureau of Statistics (2010), *Appendix: Child Care Services in the CPI*, Consumer Price Index, cat. no. 6401.0, ABS, Canberra, September 2010.

[99] Allen Consulting Group report to Community Services NSW, *Children's Services Regulation 2010, Draft Impact analysis,* p. 15

[100] United Voice (then LHMU) submission to Productivity Commission Early Childhood Development Workforce Study, pg. 19-20

[101] PricewaterhouseCoopers (2011), A practical vision for early childhood care and education, March 2011, pg. 28-29

Furthermore, United Voice argues that wages cannot increase without a firm commitment by government to introduce a dedicated professional wages funding stream. The benefits of such a solution would be to inject additional targeted funding into the sector while neutralising current pressures on services to compete for a scarce and low-paid labour supply. Properly funded, the necessary wage increases could occur across the entire sector and be cost-neutral for services, without also incurring an additional cost to parents. For educators, the additional funding stream would remove the structural cause of existing workforce shortages thereby allowing the existing workforce to realise their ambitions of building lasting careers in the sector. This would encourage new entrants to take up the profession, and possibly even encourage former educators who have left the sector to return. Overall this would achieve the government's goal of increasing workforce participation for parents, in particular women, and ensure quality childcare is available to all within the community.

Recommendation 16:

United Voice advocates that in order to improve affordability and quality of early childhood education, the government must introduce a dedicated professional wages funding stream. Overall this would achieve the government's goal of increasing workplace participation for parents, in particular women, and ensuring quality and affordable early childhood education is available to all within the community.

Other government reforms: Aged Care

"I've worked in aged care for over 8 years. I'm dedicated to my job, but it's also heartbreaking. Not only do I have to bath people, give them medication and whatever else they need, sometimes I'm the only person they see all day. If someone spends all day excited about getting to see you, you want to be able to enjoy that little bit of the time with them.

But, I only have a set amount of time with a client, sometimes only 10 minutes. I either keep the schedule, or I get a tongue lashing from my boss. I'll always choose to get yelled at, since I know that after I leave, the client will just spend the day sitting home alone.

In spite of the important work I do, and my years of experience, I only get paid a little over $19 an hour. Because we're paid so little and the cost of living is going up and up, I've seen workers leave the job every week. It's hard when the work and responsibility keep increasing, but the pay doesn't change." – *Beverley Watkinson, Aged Care worker*

United Voice is an active participant in the current aged care reform process as the union representing aged care workers committed to providing quality aged care for older Australians. United Voice notes the referencing of the Productivity Commissions review into aged care reform within the Government's Tax Reform discussion paper.[102] The Productivity Commission's *Caring for Older Australians* report has recognized that the success of aged care reform hinges on the ability of the sector to attract and retain qualified and dedicated staff. We commend the government for including workforce as a priority in the reform process.

With government the majority funder of the sector, funding mechanisms indirectly shape the wages of aged care workers. Given the link established between wage rates and quality of care, adequate funding of the sector is an essential social investment.

Continuity of care is crucial to ensuring quality of care in the sector and is significantly compromised by the high levels of turnover within the industry. It is estimated that around one-quarter of personal carers and community care workers leave their jobs in aged care each year.[103] The single most important factor in the decision of aged care workers to leave the industry is low wages; research by the National Institute of Labour Studies in 2007 found that whilst aged care workers were relatively satisfied with the nature of their jobs, they were "strikingly dissatisfied with pay".[104] Furthermore, most aged care workers are casual or

[102] Australian Government (2011), Tax Reform: next steps for Australia, Tax Forum Discussion Paper, pg. 21
[103] Martin, B & King, D (2008), Who cares for older Australians? A picture of the residential and community based aged care workforce 2007, pg. xv
[104] Martin, B & King, D (2008), Who cares for older Australians? A picture of the residential and community based aged care workforce 2007, pg. xv

part-time and work between 16 and 34 hours per week.[105] Limited hours compound the burden of low pay and lead to workers leaving the industry for higher paid jobs.

Despite enterprise bargaining over this period, wage increases have not enabled aged care workers to get ahead. Their low pay prevents them from caring for themselves and their families in the same way they care for older Australians. The Productivity Commission has acknowledged that "there is a role for government in setting prices for aged care services which enable employers to pay fair and competitive wages".[106] Furthermore, the Commission acknowledges that "current remuneration and working conditions are considered strong disincentives to entering and staying in the sector"[107], and that the success of aged care reform depends upon the achievement of adequate wages.

United Voice supports the commission's recommendation that care costs are calculated by an independent body, the Australian Aged Care Commission, and take into account the need to pay fair and competitive wages.[108] In this way, funding will comprehensively account for wage costs and this will help to enhance the reputation of the sector, reduce turnover and increase the quality and continuity of care.[109] Further discussion the role of government funding can be found in "*Working in Aged Care: A Lifetime of Labour Market Disadvantage",* which outlines the role that government funding plays in shaping wages in the sector as part of United Voice's vision for a sustainable aged care system leading to quality care for older Australians.

Recommendation 17:

Low-paid aged care workers will continue to leave the sector unless wage justice is achieved. Low pay is a function of labour market disadvantage and impacts upon quality of care for older Australians. As the majority funder of the aged care sector, government exerts control over wages and must be a part of achieving wage justice.

[105] Martin, B & King, D (2008), Who cares for older Australians? A picture of the residential and community based aged care workforce 2007pg. 13 and pg. 67
[106] Productivity Commission (2011), Caring for Older Australians Final Report, pg. 359
[107] Productivity Commission (2011), Caring for Older Australians Final Report pg. 354
[108] Productivity Commission (2011), Caring for Older Australians Final Report, pg. 363
[109] Productivity Commission (2011), Caring for Older Australians Final Report, pg. 365

Conclusion: Resurrecting a vision for a more progressive taxation framework

"We should fame our target levels of government expenditure and taxation by assessing what level of public spending will be necessary to preserve and enhance our society and civilisation."[110] – *Michael Keating, Academic*

"The extent to which the tax and social security system corrects the inequality of income should reflect the values and attitudes of the electorate."[111] – from '*Less tax or more social spending: twenty years of opinion polling'*

We have seen the provision of government services and transfer payments to assist households under constant attack, with the consistent framing of publicly funded projects as "wasted taxpayer dollars". The default policy of tax cuts over the past decade combined with complaints that the rate of tax is too high by international standards has compounded the notion of tax as a burden.[112] On the one hand, we have also observed persistent lobbying by the business industry, and acquiescence from the government, for the lowering of the corporate tax rate, while at the same time, seeking compensation to absorb the negative impact stemming from economic volatility.

On the other hand, we see that public opinion demonstrates strong support throughout society to ensure a more progressive tax system that does not unduly reward particular segments of the community at the expense of low to moderate income earners. There is a strong recognition of the role of government in ensuring equity within the community through public investment. Lastly, there is demonstrated support for foregoing tax cuts to ensure an increase in expenditure on essential services.

We express concern with the potential consequences of a misunderstanding of the taxation system, and consequently the role of government –"if the public loses faith in the tax system, it puts the system's stability and effectiveness at risk and this, in turn, must affect the operation of the government generally".[113] United Voice reiterates that Australia is a low tax country and that continual undermining of the important role of government and taxation in redressing the failures of the private market will lead to a less equitable and less democratic society with adverse consequences for economic growth and for social justice.

United Voice encourages government to promote community discussion regarding innovative ways to ensure a strong progressive taxation and transfer system to address the shift in risk that continues to be acutely experienced for low and modest income households and to ensure a fair and prosperous Australia.

[110] Keating, M (2004), The case for increased taxation, Academy of the Social Sciences
[111] Grant, R (2004), Less tax or more social spending: Twenty years of opinion polling, Research paper no. 13 2003-02, Parliamentary Library, Parliament of Australia
[112] Gregory, K (2009), Taxes: what are they good for?, Percapita research paper, pg. 5-6
[113] Grant, R (2004), Less tax or more social spending: Twenty years of opinion polling, Research paper no. 13 2003-02, Parliamentary Library, Parliament of Australia