UNFINISHED BUSINESS

Two Years On From South Australia's Tax Review

SACOSS

Unfinished Business: Two Years on from South Australia's Tax Review

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Summary

After several deficit budgets and in the context of a national tax debate, in 2015 the South Australian government launched a State Tax Review inviting wide discussion on states taxes, including the need to provide a sustainable revenue base for the provision of public goods and services. The State Budget that year contained the formal government response to the review and some cuts and changes to various taxes. However, with the current budget still showing that state government revenue and expenditure will fall over the forward estimates, and with large new energy infrastructure expenditure planned, there remains a question over the ability of government revenue to pay for vital services. In this context, the reform of state taxes is unfinished business.

To further the necessary discussion of state taxes, SACOSS commissioned Mint Research to do a survey of 1,000 South Australians on a range of issues around state taxes. The survey covered attitudes to taxation, knowledge of state taxes and initial responses to a range of specific tax reform ideas. This report discusses only the specific tax reform proposals. The broader questions of attitudes to and knowledge of state taxation, and attitudes to government expenditure and waste will be dealt with in separate (forthcoming) reports.

The tax reform proposals tested in the survey were based on those that SACOSS put forward in its submission to the State Tax Review and relate to five areas:

- Real estate conveyance duties and land tax
- Inheritance taxes
- Gambling taxes
- Disused property
- Transport taxes

There were two parts to the gambling tax proposal and variations on the inheritance tax proposal making a total of 7 proposals.

Little detail was provided to the survey respondents on each proposal, so the survey was really just testing support for or opposition to the *idea* of the particular tax reform. Obviously the detail of any proposal may change the respondents' views, but the results do provide a starting point for understanding the political possibilities of tax reform. In aggregate:

- nobody supported all SACOSS proposals, but
- almost half the respondents (48%) supported 4 or more of the proposals, and
- 91% supported at least one of the proposed tax reforms.

A more detailed analysis of the responses, including noting any differences across demographic groups or by voting intention is provided in the relevant chapters of this report, but the table below summarises the headline data.

Attitude to:	Like/ Support %	Dislike/ Oppose %	Unsure/ Need More Info %	Don't Care %
Replace Conveyance Duties with annual land tax	23	33	42	3
Same gambling tax rate for clubs and hotels	53	23	19	5
Higher gambling tax for high intensity machines	63	16	17	5
Inheritance tax on estates over $2m	42	36	18	4
Inheritance tax to decrease an existing state tax	50	27	20	4
Higher land tax on disused commercial buildings	47	24	26	4
Car Park Tax to reduce vehicle registration fees	35	36	26	3

From this data it can be noted (in brief) that:

- The state government moved too quickly when it took its State Tax Review proposal to replace conveyance duties with an annual land tax off the table because of adverse public reaction. The data shows that opinion was not nearly as clear cut or as implacably imposed, and with 42% unsure, there was room for more debate.
- The reforms to gambling taxes were the most popular of all the options canvassed and had majority support for both proposals. In fact, twice as many people supported the proposal for clubs and hotels to pay the same rate of poker machine tax as opposed it, and almost 4 times more people supported higher taxes on higher intensity pokies than opposed that proposal.
- Inheritance taxes on large estates had a surprising level of support with more people liking the general idea than opposing it, and when it was clear that this was a change to the tax mix not an additional tax, nearly twice as many liked the idea as opposed it. There were still significant numbers undecided, and a particular issue in regional areas that would need to be addressed, but at a minimum, it would appear that inheritance taxes are not necessarily the political poison that they are often assumed to be.
- There was a reasonable level of support for a disused property tax with just under half of respondents supporting the idea and only about one-quarter of people opposed to the idea, and this was before the Victorian government announced that it was proceeding with a tax on vacant suburban premises.
- As with the ill-fated Transport Development Levy before it, there was not much support for the car park tax proposal despite potential environmental and cost of living benefits for people.

While there was significant support for a number of tax reform proposals put forward, SACOSS does not underestimate the difficulty of tax reform, particularly in relation to ensuring there is enough revenue to fund public infrastructure and services into the future. Governments often have to deal with a fundamental contradiction of people wanting to pay less tax but have more expenditure on public infrastructure and services, and for any government proposing reform, there is likely to be a significant (and loud) opposition to that reform in what is likely to be a technical debate on areas and processes that are not well understood.

However, the problems should not be exaggerated and to some extent these issues face all tax and political reform proposals. Yet the SA government's successful legislating of the place-of-consumption wagering tax and the Victorian government's recent announcement of housing tax reforms which included the imposition of a new vacant properties tax suggests that there is still some possibility of reform.

Of the reforms considered here, the gambling tax reforms would be the easiest to implement and had the broadest support, so they should be given a high priority. However, reforms such as the introduction of inheritance taxes or potentially replacing stamp duty with an annual tax, while much harder, may still be essential for creating a fair and efficient tax system to fund public infrastructure and services.

Accordingly, based on our analysis of the merits of the various tax reform options and on the political possibilities evident in the survey data, SACOSS makes the following recommendations.

Recommendations

Conveyance Duty – Land Tax Swap

Given the number of people who are undecided about replacing real estate conveyance duty with an annual land tax, and given that there was really no room for full discussion of this option (and the possible nuances or safeguards that may be required) at the time of the State Tax Review, **SACOSS is calling for a citizens' jury (or similar community engagement program) to consider the proposal as part of a longer term discussion of this and other tax reform initiatives.**

Gambling Taxes

Given the current cost to state revenue of the existing tax concessions and the fact that they do not fit with a clear tax rationale, and given the public support for change evident in the survey data, ***SACOSS calls on the government to replace the existing poker machine tax concession for clubs with a concession that is tied to harm minimisation measures including the $1 bet limit.***

Inheritance Taxes

Given the role inheritance taxes could play in raising revenue and promoting equality, and given the surprising level of support for inheritance taxes on large estates evident in the survey, ***SACOSS recommends that the South Australian government develop a proposal around taxing large inheritances, works through COAG to gain national support for such taxes, but if necessary (as per the wagering tax) consider "going it alone" in the introduction of such taxes.***

Disused Property Tax

Given the possibilities suggested by the survey data, and in light of the lead recently taken by the Victorian government, ***SACOSS recommends that the state government do a***

feasibility study and develop a proposal for how a differential (penalty) tax on unused real property might operate, including:

- whether it should apply to residential or commercial properties, or both;
- the appropriate level and mechanism for such a tax; and
- whether, or to what extent, it would provide incentives for better use of real estate in South Australia.

Transport/Congestion Taxes

Given the general lack of support for a city car park/congestion tax evident in the survey results – even when sweetened with a registration fee reduction, and given the history of the Transport Development Levy, ***SACOSS recommends that tax reform efforts would be better directed elsewhere.***

Introduction – Unfinished Business

The Revenue Problem

Taxes are the main way that a variety of vital public services and infrastructure investment are funded, and ensuring that there is an adequate and sustainable revenue base for government is of vital importance to vulnerable and disadvantaged people. While all sectors of society benefit from government-provided or funded services like hospitals, schools and infrastructure, vulnerable and disadvantaged people are particularly reliant on these services. Those on lower incomes do not have the resources to access such services privately (and as McAuley and Lyons (2015) point out, in many cases such private provision is inefficient for the community as a whole).

In addition to such generalised services, state governments provide a range of income and social supports which directly assist vulnerable and disadvantaged people and help build social capital in the community through social inclusion. Such supports include electricity and transport concessions, public housing and homeless services, financial counselling, child protection and family support services, to public health, legal aid, mental health programs and Aboriginal support services.

Beyond needing a system that collects enough to pay for these vital services, SACOSS also wants a fair tax system, both as an ethical imperative and because the fairness of the tax system is crucial to the legitimacy of the system and the services it funds. In short, SACOSS wants to see a fair, well-functioning and long term-sustainable taxation system which provides sufficient revenue to government to fund vital services.

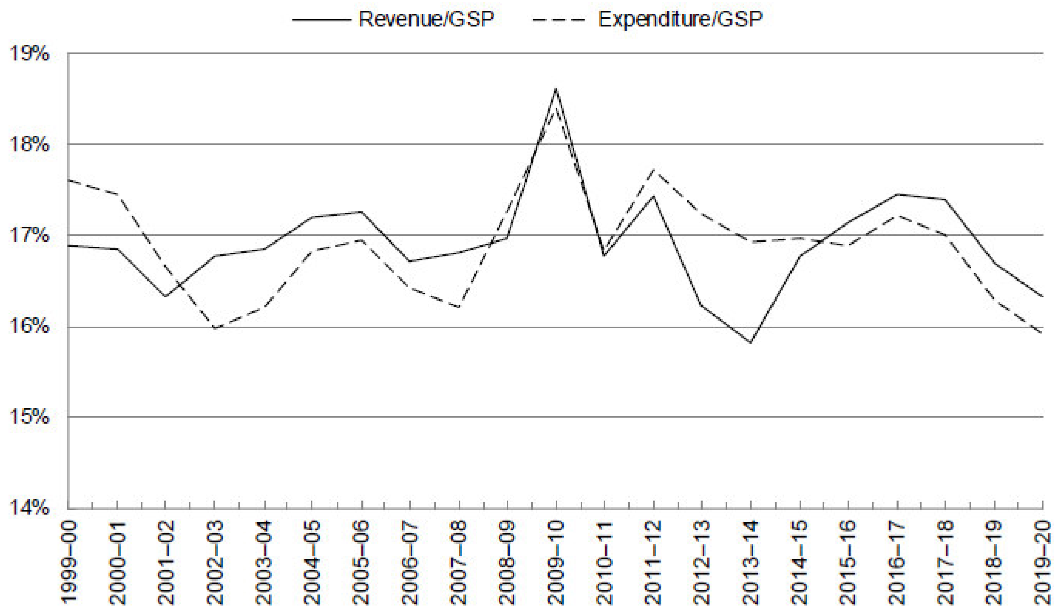
However, SACOSS has long been concerned that the tax system in South Australia is not an adequate and sustainable revenue base to pay for vital services, and that there are clear areas where its fairness could be improved. In 2013/14, on the back of ongoing state budget deficits and many years of our sector being told there was not enough money to pay for vital services, SACOSS began very publicly raising the need to address the adequacy of the tax base. Our “Without Taxes, Vital Services Disappear” campaign (SACOSS, 2014) highlighted the important role that taxes pay – as Oliver Wendall Holmes famously put it, they are the price of civilisation.

Four years on, SACOSS’ concerns about the adequacy and sustainability of the state tax base remain, despite a different budget context. The 2016-17 State Budget projected surpluses over the budget and forward estimates (2016a). However, as has been widely recognised, these surpluses were underpinned to a significant degree by the selling off of the business of the Motor Accident Commission, a contribution to revenue of over $1 billion over the forward estimates. This is important because, as SACOSS noted in its 2016-17 *State Budget Snapshot*, “the MAC funding, plus the extra income from the Commonwealth over the forward estimates, disguises a continuing fall in the state’s own base” (SACOSS, 2016a, p. 2). Further, the $550m Energy Plan announced in March this year (Government of South Australia, 2017), while slated to be paid for from the predicted budget surplus, takes a large slice of that surplus and leaves less room to move in the budget and less funds available for other vital expenditure.

In the 2016-17 budget the expected tax receipts for that year were revised down by $196 million from the 2016-17 estimate in the previous budget, and were revised down a further $58 million in the *Mid-Year Budget Review*. There were similar downward revisions in each year of the forward estimates (Government of South Australia, 2015a, 2016a, 2016b). While the budget projections continue to point to a surplus (prior to the Energy Plan expenditure), the budget estimates shows not just declining taxes but a loss of total revenue in real terms in 2018-19 and 2019-20.

Further, as the graph below shows, as a proportion of the economy both state revenue and expenditure decline over the forward estimates and end below the long-term state average. This all heightens SACOSS' ongoing concerns about the level of public infrastructure and service provision possible under such a state tax regime.

Figure 1: SA Government Revenue and Expenditure as a Proportion of the Economy



Source: Figure 1.2, (Government of SA, 2016a)

The State Tax Review

In response to the difficult economic circumstances facing South Australia with low growth and high unemployment, and in recognition of a range of problems in the tax system, in February 2015 the State Government launched what it said was a wide-ranging review of state taxes (hereafter "State Tax Review"). The aim of the review was to consider reform options so that the tax system would:

- provide enough revenue to deliver high quality services and infrastructure;
- support entrepreneurship, investment and job creation;
- be fair and have regard to people's ability to pay;
- collect revenue as efficiently as possible; and
- be as stable and practicable as possible (Government of South Australia, 2015b).

SACOSS welcomed the focus on achieving an adequate and sustainable tax base, and put in a major submission to the State Tax Review (SACOSS, 2015). However, despite the 2015-16

Budget trumpeting major tax changes, the tax reform agenda arising out of that review has been limited. Share duties, a range of stamp duties and two particular purpose (River Murray and Hindmarsh Island Bridge) levies have been abolished, and the payroll tax concession for small business was extended (Government of South Australia, 2015c). Regardless of the merits of these reforms, they all came at a cost to the budget.

On the other hand, the revenue raising measures have been modest. There have been increases in the Emergency Services Levy over successive years, and in last year's budget the solid waste levy was increased. However, the government said the former was due to increased costs from recent major bushfire responses (ABC News, 2015) and the solid waste levy is hypothecated into recycling initiatives respectively, so both taxes will have limited impact on the budget bottom line.

The other significant revenue-positive measure has been the introduction of the point-of-consumption taxation of online wagering which would capture taxes that were otherwise being avoided by corporate bookmakers resident in virtual gambling tax havens. SACOSS welcomed this for fairness and revenue reasons, but at around $10m per year over the forward estimate, it generates only a relatively small amount of revenue. It goes nowhere near countering the long term decline in gambling taxes, let alone state taxes more generally (SACOSS, 2016b).

Given the limited tax changes implemented and the ongoing revenue challenge noted above, SACOSS views the reform of state taxes as unfinished business. More work is clearly required to ensure an adequate and sustainable revenue base to provide the services we need as a community, as well as improving both the fairness and efficiency of the tax base.

Accordingly, SACOSS has continued to develop positions and advocate for tax reform. In 2016, our *Losing the Jackpot* (2016b) report went into more detail on gambling tax reform, calling for:

- the introduction of point-of-consumption taxation of online wagering (now implemented by the government);
- the removal of the discounted tax rates on poker machines for clubs and instead providing discounts only for the less dangerous $1 bet-limited machines; and
- increased use of gambling taxes to address the harm caused by gambling via a sovereign wealth fund.

The SACOSS submission on the 2017-18 State Budget (SACOSS, 2017) called for further reform of state taxes and that the proposals put forward by stakeholders in the State Tax Review be reviewed as part of this ongoing reform.

This report adds to that call by investigating potential public support for the tax changes SACOSS called for in its submission to the State Review. In doing this, we hoped to explore

SACOSS Tax Survey

In order to understand the appetite for tax reform in the community, the direction that any such reform should take, and the support or barriers to particular reform proposals.

SACOSS commissioned Mint Research to develop and conduct a survey of 1,000 South Australians on a range of tax and expenditure issues. The survey was conducted in December 2016 through a combination of online and telephone interviews, with the sample being broadly representative of key demographics in the South Australian community. The demographic data is detailed in Appendix 1 of this report.

The questions about the specific tax reform proposals were part of a wider survey which also covered respondents' attitudes to taxation, knowledge of state taxes, and perceptions of government expenditure and waste. This report discusses only with the specific tax reform proposals, while the broader questions of attitudes to and knowledge of state taxation, and attitudes to government expenditure and waste will be dealt with in separate (forthcoming) reports. These three reports coming out of the survey will fit together as a trilogy which seeks to provide data to inform a wider and hopefully ongoing tax reform debate.

The tax reform questions in the survey were difficult to formulate in a way that would elicit genuine responses without being leading, particularly where some level of base information was required. Accordingly, Mint Research market tested the survey questions themselves and we believe that the survey was robust and policy-neutral. The questions asked in relation to the tax reform proposals are at Appendix 2 of this report.

This survey is also particularly important not just because it addresses significant and needed tax reforms, but because it comes in the context of the run into a South Australian state election in March 2018. While SACOSS is not party-political and hopes all political parties will take up the policy proposals it puts forward, tax reform is an inherently political process. How taxes are understood and how reform proposals will play out in the electorate are therefore vital parts of the tax policy process. Accordingly, SACOSS has also segmented the survey responses based on the voting intention of respondents. The survey listed only South Australian parliamentary parties, plus a generic Independent category, undecided ("unsure") voters, and a miscellaneous "Other" category. This "Other" category would include all non-parliamentary parties (such as One Nation). Where there were significant differences in response to questions based on voting intention, these will be discussed alongside other demographic differences.

Tax Reform Proposals

While many stakeholders put submissions for tax reforms into the State Tax Review, the survey focused on the tax reform proposals that SACOSS put forward to that Review (SACOSS, 2015) – which were themselves developments of ideas we had previously put to the 2013 SA parliamentary inquiry on state taxation (SACOSS, 2013). The survey was designed to test potential public support for or opposition to those proposals, which related to five areas:

- Real estate conveyance duties and land tax
- Inheritance taxes
- Gambling taxes
- Disused property
- Transport taxes

There were three variations of the inheritance tax proposal and two parts to the gambling tax proposal, making a total of 8 survey questions. While the responses to each proposal will be discussed in detail below, in aggregate:

- nobody supported all 8 SACOSS proposals, but
- almost half the respondents (48%) supported 4 or more of the proposals, and
- 91% supported at least one of the proposed tax reforms.

Further, as we will see in relation to particular proposals, with limited detail provided these figures are really only initial responses to the idea of these proposals. Accordingly, there were a large number of people who, quite reasonably, were unsure about the proposal. With further debate and information, respondents may be convinced of the benefits of a proposal or turned off by the detail. However, at a minimum the survey does test for the level of in-principle support for the basic idea of particular reforms (if we got the details right), and on that basis the aggregate figures suggest at least a significant possibility of support for further tax reform.

Conveyance Duty – Land Tax Swap

The State Tax Review contained a proposal to abolish over time conveyance duties on the transfer of real estate and replace them with an annual land tax, including on the principal place of residence.[1] Real estate conveyance duties are the second biggest source of state's-own taxes in South Australia, amounting to 18.7% of total state taxes in 2016-17 (Government of South Australia, 2016a). However, conveyance duties are notoriously volatile being subject to swings in a narrow market – for instance, the 2016-17 budget estimate of $902m in conveyance duty tax receipts was revised down to $837m in the Mid-Year Budget Review – a seven percent swing in 6 months (Government of South Australia, 2016b, p. 11).

Accordingly conveyance duties are less reliable as a revenue source for government than an annual tax on land. Additionally, most economists see conveyance duties as an inefficient tax – in the sense that they increase the transaction costs, and therefore lead to sub-optimum outcomes as people are discouraged from trading to get the most beneficial outcomes (including for instance, moving to take up employment opportunities, down-sizing to more manageable houses post-children).

The State Tax Review did note that the real estate conveyance duties were one of the more egalitarian taxes in that their impact fell disproportionately on those on higher incomes (Government of South Australia, 2016b), but there was no comparison with annual land taxes to make a real comparison.

Ultimately though, the different impact of the taxes would depend on individual circumstances – and particularly on how often a person/family is likely to move house. At the rate of annual tax proposed in the State Tax Review, the break-even point was around 14 years: that is, those who moved more often than once in 14 years would pay more tax under the current regime than they would with an annual land tax, while those who stayed in a house longer than that would be disadvantaged by an annual tax as they would go on paying it (although that calculation does not take account of the interest imputable on conveyance duties paid upfront). There would also be significant issues in any transition between the two systems because those who had only recently paid conveyance duties on new purchases would be severely disadvantaged if they then had to pay an annual land tax on top of this. The State Tax Review did flag proposals to address these impacts, although some of these would create a short-term revenue problem for government.

From SACOSS' perspective, there are problems with the idea of an annual land tax that applies to all property, particularly for those who are "asset-rich, but income-poor" – that is, those who own their own homes but do not have high incomes. Age pensioners who have paid off their homes over a working-life typify this group, but the same could apply to those who are still struggling with mortgage payments and who may find their income limited by un/underemployment, low wages, sickness or caring responsibilities. To ask them to pay an annual land tax may be a serious impost on already over-stretched household budgets, and

[1] The terminology here is loaded. Those who wish to consider taxing owner-occupied houses on the same basis as other real estate generally refer to a "principal place of residence", while for those who oppose such proposals it is a tax on "the family home".

it would be simply unacceptable if people were forced out of home-ownership and into rental or even homelessness because of an annual tax. However, to the extent that conveyance duties are an added barrier to entering into home ownership, we may already have a situation where people are denied home ownership (in part) because of taxes.

Given these concerns, SACOSS developed a range of protections for low income earners which we argued would need to be built into any replacement of conveyance duty with an annual land tax (SACOSS, 2015). However, these and other submissions to the State Tax Review were never really considered because there was a strong immediate negative reaction in the media to the government's proposal and the government very quickly abandoned the proposal.

Survey Data

While the government has not pursued the conveyance duty – land tax swap idea because of the perception of deep public opposition, the SACOSS survey suggests that the public reaction is not nearly as clear cut or as implacably imposed as the original outcry suggested. We noted above that conveyance duties were the most unpopular state tax with one-in-four respondents identifying that as the one tax they would reduce if they could, although obviously this does not necessarily or automatically translate into support for the land tax swap proposal.

Table 1 shows the survey responses to the idea of replacing conveyance duties with an annual land tax. Nearly a quarter of respondents potentially support the proposal, while around one-third of respondents opposed the idea. But perhaps more importantly, the biggest cohort was undecided or wanted more information. In this context, by closing the debate down so quickly, the government effectively robbed those 42% of the chance of getting that information through public discussion, and potentially lost the chance for significant tax reform which *may* (with fuller consideration) have had considerable public support.

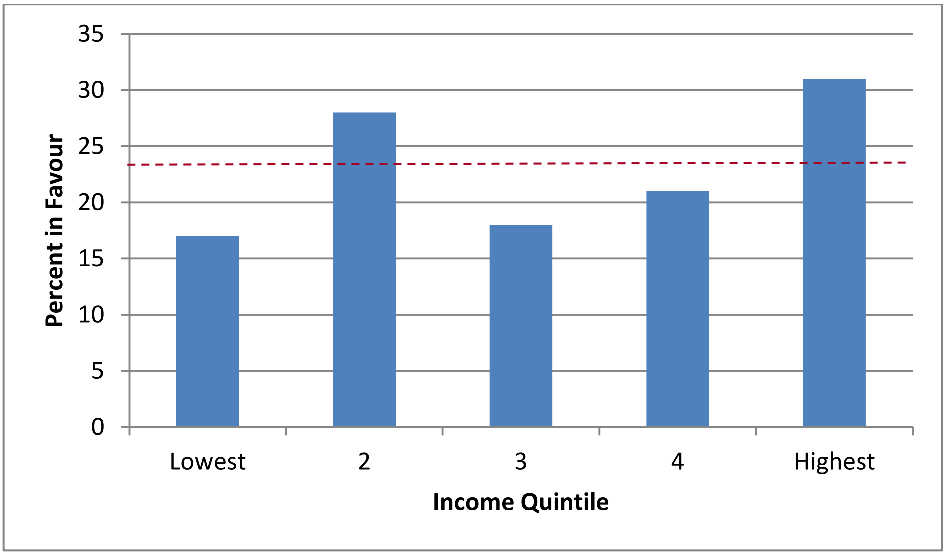
Table 1: Support for the Land Tax-Conveyance Duty Swap

	% of respondents
Like/support	23
Dislike/no support	33
Unsure – need more information	42
Don't Care	3

There were some significant differences between demographic groups in the survey. Men were more likely than women to oppose the idea of replacing conveyance duties with an annual tax (with women more likely to want more information), and unsurprisingly, there was greater level of opposition among those who owned their own home (38% opposed). There was also a marked difference in age groups. While the proposal could arguably be of immediate benefit to younger people looking to get into the housing market, the majority of those under 25 years old were simply unsure and needed more information, with only 20% being able to support the proposal. Conversely, older people (those over 60) were more likely to be sure of their position (only 29% unsure) but were also more likely to oppose the proposal (42% opposed) – presumably a reflection of this group being more likely to be asset-rich but income-poor.

As Figure 2 shows, there were some differences in support for the proposal between different income groups, with significantly more support for the proposal among those in the second income quintile (earning $32,000-$52,000 p.a.) and those in the highest income quintile (above $131,000 per year). This perhaps reflects both the struggles of those on below average wages to break into the housing market, and also the potentially progressive nature of the conveyance duties, so that those on higher incomes who are impacted most would happily see them swapped for land taxes. However, this should be put into context in that the *opposition* to the proposal did not change markedly by income quintile and opposition to the proposal was stronger than support in every income bracket except the top highest quintile where it was equal.

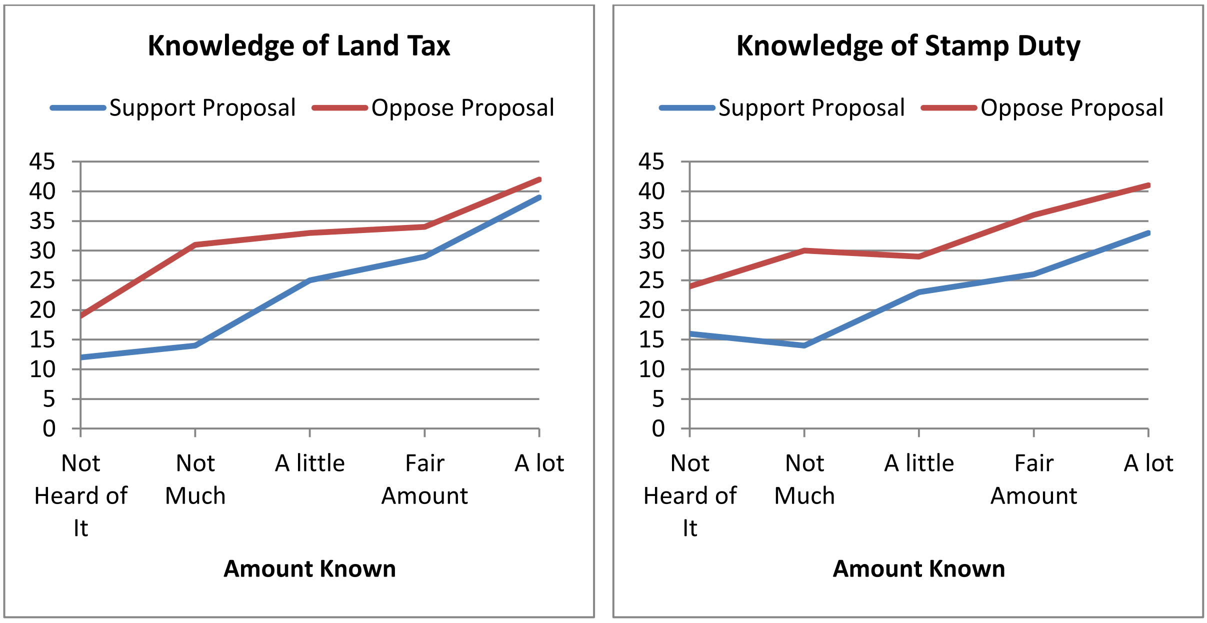
Figure 2: Support for the Land Tax-Conveyance Duty Swap by Income



Most intriguing were the support figures based on people's (self-assessed) knowledge of land taxes. Understandably, as people know more about a tax area, they are more likely to have firm views, so that the percentage of respondents who were unsure about the proposal was much lower with greater levels of knowledge. As a result, both the percentages of those who support and those who oppose the proposal increased among those with greater knowledge. What is noticeable though (and evident in Figure 3 below) is that the gap between the numbers opposing and supporting the proposal narrows with higher levels of knowledge of land tax. Across the whole survey the number of respondents who dislike the proposal was 10 percentage points higher than those who support it, but among those who know "a lot" about land tax it was just 3 points. Similarly, and relatedly given that those who pay the tax are likely to have more knowledge about it, among those who indicated that they did or had in the past paid land tax, there was only a three point gap between support for the proposal (34% of land tax payers) and those who opposed it (37%). The gap was 12 percentage points among those who had never paid land tax.

The same trend though is not evident in relation to stamp duty. As Figure 3 shows, greater knowledge of conveyance duties makes no consistent impact on the gap between support for and opposition to the proposal. Further, and contrary to the findings in relation to land tax the gap was greater among those who had paid conveyance duties than across the whole survey.

Figure 3: Attitude to a Land Tax-Conveyance Duty Swap by Knowledge-level



These differing responses based on levels of knowledge and experience of land taxes and stamp duty appear somewhat contradictory, but at a minimum it is clear that it can't be assumed that if people know more about land taxes and conveyance duties, they are more likely to oppose the proposed change. Both support and opposition to the proposal grows with level of knowledge, and with a large number still undecided there is clearly still a chance to win significant or even majority support for this tax change if there is a wider debate. Indeed, on these figures, if it was election both sides would still be campaigning furiously – again suggesting that the closing down of the debate on this tax reform option was premature.

Recommendation

Given the number of people who are undecided about the conveyance duty - land tax swap, and that there was really no room for full discussion of this option (and the possible nuances or safeguards that may be required) at the time of the State Tax Review, **SACOSS is calling for a citizens' jury (or similar community engagement program) to consider the proposal as part of a longer term discussion of this and other tax reform initiatives.**

While SACOSS is open to other engagement mechanisms, a citizens' jury is well-placed to consider the issue because the jurists would hear from experts in housing, tax and economics; consider the adequacy or otherwise of any protections for vulnerable people; and balance these issues with community concerns about increasing taxes and taxes on "the family home".

We note some community cynicism around citizens' juries and that a number of respondents in the SACOSS tax survey cited the expenditure on the recent nuclear issues citizens’ jury as an example of state government waste. However, the fact that that jury came up with a verdict on nuclear issues that was different to ideas the government was proposing is a good thing – it would be truly wasteful if all citizens’ juries simply affirmed all government policy. If set up properly and adequately resourced, SACOSS believes that citizens’ juries can be both a useful forum for public debate and make an important contribution to the policy development process. In that context, we see a controversial proposal around one of the state’s major taxes as being an ideal subject for a citizens’ jury.

Gambling Taxes

Gambling taxes are one of the most fraught state taxes, but the reforms to gambling taxes put forward by SACOSS also proved the most popular of all the options canvased.

Gambling taxes are the fifth largest source of state's own-source tax revenue, contributing some $383 to South Australian state revenue in 2015-16 (Government of South Australia, 2016b, p. 11). Tax on electronic gaming machines ("pokies") are by far the biggest contributor to gambling taxes, constituting nearly three-quarters of all gambling taxes. However, as the State Tax Review pointed out, gambling taxes are also heavily regressive – accounting for 1.15% of household expenditure for the lowest income quintile, by comparison with a 0.66% for all households.

Gambling taxes are also seen as problematic because gambling is a potentially dangerous consumer product which can result in large and unaffordable debt, which in turn can lead to stress and mental health problems, substance abuse, bankruptcy and homelessness. Importantly, much of the harm caused by gambling are borne by the family, friends and employers of gamblers, and by the wider community. Further, recent research has found that gambling harm can occur well before diagnostic criteria of addiction or problem gambling are met (Browne et al, 2016). In this context gambling taxes are problematic because they tax misery (noting that the Productivity Commission estimated that 40% of poker machine revenue came from problem gambling (Productivity Commission, 2010)), and because there is a conflict of interest for governments regulating to minimise gambling harm when they are reliant on gambling tax revenue. However, reductions in gambling taxes or exemptions from gambling taxes will do nothing to assist problem gamblers. Most likely, they would simply be a bonus for the gambling industry.

Given these economic and moral issues around gambling tax, in *Losing the Jackpot*, SACOSS outlined four rationales for gambling taxes (2016b). These were:

- to tax "economic scarcity rent" – ie. the extra profits made because government regulation of gambling limits supply and leads to higher prices and profits;
- to pay for the externalised costs associated with gambling which are borne by the community (eg. cost of support for problem gamblers, increased crime, law enforcement, lost revenue for other community groups)
- to send a price signal – essentially making gambling more expensive – to discourage gambling; and
- general revenue raising.

Against this background, the *Losing the Jackpot* report assessed South Australian gambling taxes and made a series of recommendations. The key recommendation in support of place-of-consumption taxation of online wagering (racing and sports-betting) was embraced by the government and, as noted above, was introduced as part of the 2016-17 state budget. Another key recommendation was around the differential gambling tax rates and tax concessions applying to poker machines, and it was these proposals that we tested in the survey.

In South Australia, there are different tax rates applying to income derived from poker machines ("Net Gaming Revenue") depending on whether the venue is a hotel, a club or the casino (although the casino arrangements are not considered in this report). For hotels and clubs there is a $75,000 tax-free threshold, and then different tax rates applying progressively to six income brackets above that. However, the rates that apply in these brackets are different for hotels and clubs. Clubs have significantly discounted tax rates, so that for instance, the rate of tax on net gaming revenue between $75,000 and $399,000 p.a. is 27.5% for hotels, but only 21% for clubs. In the top bracket (over $3.5m p.a.) the rate is 65% for hotels, but 55% for clubs.

These two tax concessions (the tax-free threshold and the differential tax rates) amounted to $18.7m (in 2014-15) in potential revenue lost to the South Australian government (2016a). This is a significant impact on the state budget. Moreover, as *Losing the Jackpot* noted, there is nothing inherent in a club being not-for-profit that means its poker machines are less dangerous or causing less harm, and the concessions do not fit any of the rationales for gambling taxation. Accordingly SACOSS recommended abolishing the differential tax rates in their current form, but instead tying concessions to the adoption of key harm minimisation measures such as pre-commitment schemes and $1 bet limits. Those venues operating pre-commitment schemes and machines under the $1 bet limit would be entitled to the concessional tax rates, while those who wish to run the most dangerous high-intensity gaming machines would pay tax at the full rate.

This would provide a financial incentive for harm minimisation and change the concession arrangements from being based on incorporation status to a more gambling-appropriate rationale.

Survey Data
The SACOSS survey tested support for this approach by asking firstly whether respondents would support abolishing the lower tax rate for clubs and requiring them to pay the same rate as pubs, and secondly, whether they would support a higher rate of tax on high intensity machines that allowed bets of more than $ per spin. As Table 2 shows, there was majority support for the first proposition, and an even more comfortable majority in support of the second.

Table 2: Gambling Tax Changes

	Same tax rate for hotels and clubs % of respondents	Higher tax rate for high intensity machines % of respondents
Like/support	53	63
Dislike/do not support	23	16
Unsure – need more info	19	17
Don't care	5	5

There were few significant differences in attitudes to the proposals across demographic groups. There was a small difference in age responses with those over 60 less likely to be unsure about having the same tax rate, and with higher rates opposed (30%). However, the support for having the same tax rate (54%) was essentially the same among the over 60s as the average, while support for higher taxes on high intensity machines was much stronger than average at 75%. Those who were in full-time employment were also more likely to support both gambling tax reform proposals than those who were working fewer hours, on home duties or unemployed. Again though, this was largely a product of the higher rates of being unsure/needing more information among casual/part-time workers, home duties and unemployed people than a definite policy preference.

There were no significant differences in responses based on income, and support for the proposals was also spread across the political spectrum. There was majority support for the same tax rate proposal across Labor, Liberal, Xenophon and Green voters, while support among Family First voters was slightly lower at 46% and at 47% among those voting Independent (although with a larger number being unsure). Similarly, there was strong support across the spectrum for higher taxes on high intensity machines peaking at 74% for Greens voters and 71% among Xenophon voters. 63% of Labor voters and 66% of Liberal voters supported the proposal. Those who were unsure how they would vote also had high rates of being unsure about the proposals (28-29%).

Recommendation
Given the current cost to state revenue of the existing tax concessions and the fact that they do not fit with a clear tax rationale, and given the public support for change evident in the survey data, SACOSS again calls on the government to replace the existing poker machine tax concession for clubs with a concession that is tied to harm minimisation measures including the $1 bet limit.

Inheritance Taxes

The SACOSS submission to the State Tax Review argued for the introduction of estate duties or bequest taxes. Technically, there is a difference in that estate duties are levied on the assets of the deceased before they are transferred to beneficiaries, while bequest taxes are levied on the beneficiaries. However, the technical issues and debates as to the merits of where to levy a tax are not relevant for the purposes of this report. The question asked in the survey referred to "inheritance taxes on estates" which is probably a mixture of both, but was sufficiently well understood to test the general concept.

South Australia, along with all other Australian states, had inheritance taxes until they were removed as a result of destructive interstate competition in the 1970s, although many places overseas continue to levy some form of estate/inheritance tax. As SACOSS noted in its submission to the 2013 SA parliamentary inquiry on state taxes, on average, the member countries of the OECD raise 0.41 per cent of their total tax revenue from taxes on the transfer of wealth. By our rough calculation, a similar tax effort here would equate to almost $154m in 2011-12, or almost double that if based on the United States "revenue-effort" from its wealth transfer taxes (SACOSS, 2013a, p. 10).

However, SACOSS' interest in inheritance tax is not just in terms of generating revenue for services, but also because of their potential role in redressing inequality. In his ground-breaking book, *Capital in the Twenty-First Century*, Thomas Piketty argues that inheritance is increasingly becoming an important economic flow in Europe (around 12-14% of annual income and potentially rising) and that such inheritances are a key driver of inequality over time. He also notes the historically important role that estate duties had in reducing inequality in the middle of the last century (Piketty, 2014, p. 399).

The Henry Review of the Australian taxation system devoted to a discussion of the possible introduction of a tax on bequests in Australia. That report recommended that "the Government should promote further study and community discussion of the options" (Henry, 2010, p. 144) and stressed that "… the Review is proposing consideration of a bequest tax that falls only on the largest estates or inheritances. The large majority of estates or inheritances would not be subject to tax" (Henry, 2010, p.141).

More recently, The Australia Institute has produced papers promoting an inheritance tax (Richardson, 2016), and there are occasional calls in the media for such taxes to be part of the debate, but they have not really made it into government consideration of tax reform. Some of this may be due to the difficulties of competitive federalism, but also a perception that such taxes are simply not popular or politically palatable. It is this concern we wished to test in the survey.

Survey Data

The survey asked three consecutive questions to test public attitudes to inheritances. The first was a straightforward question of how respondents felt about the idea of a state government tax on inheritances for estates over $2m. The threshold was included because most commentary calling for consideration of inheritances taxes accepts that there should be a significant threshold so that only the largest estates or inheritances are taxed. The $2m figure was suggested by The Australia Institute, although we accept that the $2m threshold may be very different if it is applied to an estate (ie. all estates over $2m), or to inheritances (where an estate worth $8m may not be taxed at all if shared evenly between five beneficiaries). The Community Council of Australia has proposed estate duties with a $5m threshold (Khadem, 2016). Again though, the purpose of the survey was largely to test support for *the idea* of inheritances taxes on large estates, rather than any particular proposal.

The first generic question was then followed with a question essentially taking out any concerns about tax increases or taxes generally being too high – it was just a question of changing the state tax mix. The question asked how respondents would feel about an inheritance tax if it led to a decrease in other taxes, such as the Emergency Services Levy. The results, in Table 3 below, show surprising levels of support for inheritances taxes.

Table 3: Attitudes to Inheritance Taxes

	Tax on estates $2m+ % of respondents	Inheritance tax to replace existing tax (eg ESL) % of respondents
Like/support	42	50
Dislike/no support	36	27
Unsure – need more information	18	20
Don't Care	4	4

As the first column shows, more people liked the general idea of inheritances taxes on large estates than opposed it. When it was clear that this was a change to the tax mix not an additional tax, nearly twice as many liked the idea as opposed it. In fact, with 50% support, it was one of the most popular ideas tested in the tax survey.

There is one caution here though. While the second question asked about decreasing other state taxes (generally), the example of a tax that could be reduced was the ESL – which turned out to be one of the most unpopular state taxes (20% saying it would be the first tax they would reduce), so that could arguably bias the responses. That said, even if that did bias the response, it would still be interesting that some people thought inheritance taxes preferable to the ESL.

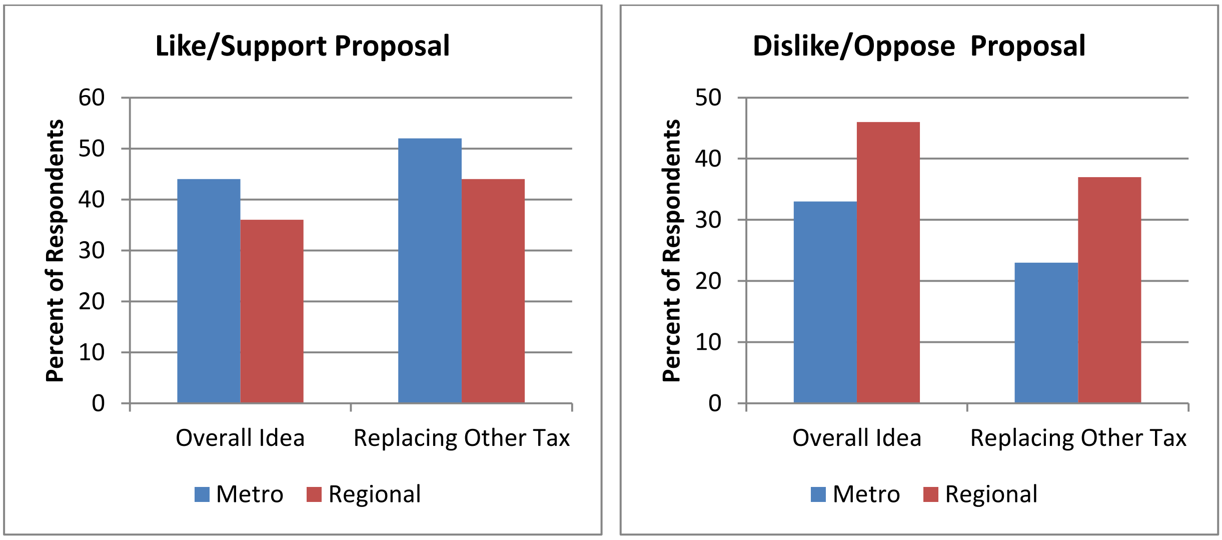
More generically, when the attitudes to inheritance taxes were cross-referenced with how respondents felt about the overall level of state taxes, there was a big drop in opposition to inheritance taxes when it was clear it was a change in the tax mix, not an additional tax. Among those who thought taxes generally were "way too high", 44% opposed the idea of an inheritance tax, but this fell to 36% when the inheritance tax was offset by another state tax. Moreover, once that second question was asked, there was 50% support for inheritance taxes even among those who thought tax levels in South Australia were "a little too high".

All this suggests that, if inheritance taxes were considered as a new additional tax, there would be the whole education challenge discussed above in relation to the overall level of taxation. This is a problem for using inheritance taxes as a contribution to a sustainable revenue stream. However, if the push for inheritance taxes is because they are fairer and more efficient than some existing state taxes, then the survey suggests that there could be some support for including them in the tax mix. At a minimum, it is clear that inheritance taxes are not the political poison that they are often assumed to be, and that there is a potentially at least significant community support.

Support for inheritance taxes though is not uniform across the community and there were some significant differences between demographic groups. There was not much variation in support across different income groups, or between men and women, and little variation across age groups in *support* for the proposal. However, there was a clear age difference among those who opposed the idea of inheritance taxes. Perhaps unsurprisingly, those over 60 years old were more likely to oppose the idea (45% opposed, by comparison to 36% average). Even when it was clear that this was not an additional tax, the opposition among over 60s dropped by only 3 percentage points (by comparison with 9 point drop overall). Yet for all that, even among the over 60s, the level of opposition to the proposal was around the same as the level of support (in the low 40 percents).

There were also some marked differences between metro and regional areas, as evident in Figure 4.

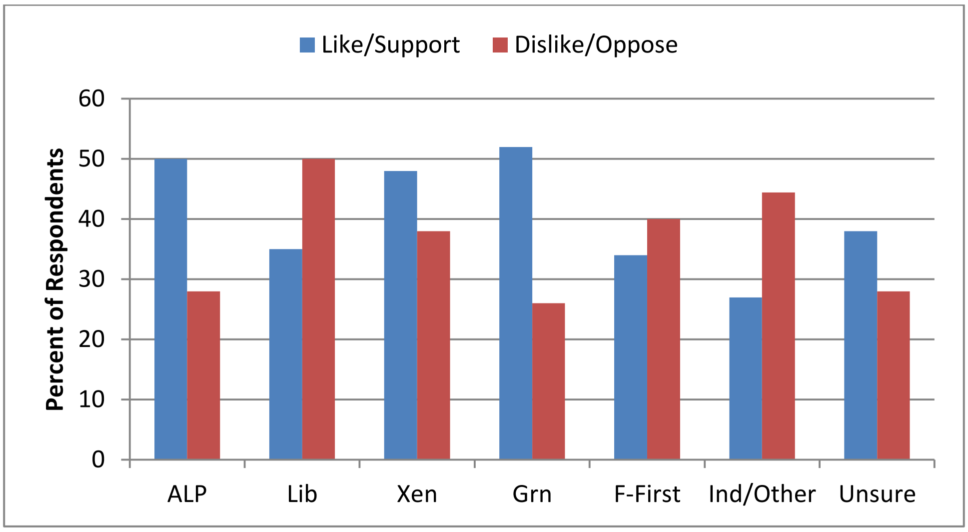
Figure 4: Attitude to Inheritance Tax by location



There were clearly higher levels of support for inheritance taxes in Adelaide than in regional areas, while those in regional areas were much more likely to oppose the idea (with fewer undecideds). These differences are presumably due to "family farm" issue and memories of the impact of previous inheritance taxes on the ability of farmers to transfer the family farm to the next generation. There is a similar issue for any family business, although land in a farm is less divisible. Clearly any inheritance tax would have to address this issue in some fashion. This is not to say that no inheritance taxes should apply, because otherwise we simply entrench rural wealth, but some levels of exemptions may be needed to ensure that viable farms or businesses are not sold off just to pay an inter-generational tax bill.

There were also marked differences in attitude to inheritance taxes by voting intention. Figure 5 shows the results in relation to the generic question about the idea of an inheritance tax. The figures for the smaller parties should be treated with some caution as they were on a fairly low base figure, but clearly support is strongest among Green and ALP voters, and weakest among Liberal, Family First and Independent/Other Party voters. This looks like a broad left-right division, but in terms of whether support for inheritance taxes would be a political death knell it is interesting to note that those respondents who were unsure how they would vote were more likely to support inheritance taxes than oppose them. This was even more pronounced in relation to the second proposal of an inheritance tax reducing an existing tax, where support for an inheritance tax among undecided voters jumped to 48% (with 26% undecided). That begins to look less like a death knell and more like a political opportunity.

Figure 5: Attitude to Inheritance Tax by Voting Intention



There was a third question in the survey on inheritance taxes, but the results were perverse and unreliable. The question was intended to build on the analysis of Piketty (2014) and others and test support for inheritance taxes on the grounds of promoting equality. However, framing the question proved difficult without asserting that an inheritance tax *would* increase equality – which would be contentious and leading. Several versions of the question were market tested, with the actual version used simply saying that a number of economists have said that an inheritance tax would increase equality. Whether the reference to economists led to suspicion/confusion, or whether respondents misread/misheard equality as inequality, the result was that support for the tax fell when it was suggested that it could increase equality. This is counter-intuitive, not least where support for an inheritance tax fell by about a 1/3 of its original level among Labor and Green voters – the "left" of the political spectrum which would be anticipated to support measures that improved equality. It is unlikely that this is a true reflection of the attitudes to equality or inheritance taxes and we do not rely on it here.

Recommendation

Mindful of the previous history of competitive federalism, the SACOSS submission to the State Tax Review called firstly for the SA government to seek agreement from all states through COAG (and/or as part of the then national tax review) for the introduction of state-based estate duties across the country. Secondly, SACOSS proposed two models to be developed – one using inheritance taxes as an off-set against an existing state tax (in that case, insurance stamp duty), and the other putting inheritance tax revenue into a legacy fund to ensure an ongoing revenue stream for government (rather than the tax going on current consumption) (SACOSS, 2015).

Both these proposals were long-shots given the perceived political unpopularity of inheritance taxes, but the survey figures above suggest that there may be a considerable base of popular support for such taxes – particularly if used to replace unpopular state taxes. Accordingly, SACOSS repeats our recommendation that the South Australian government develop a proposal around taxing large inheritances, works through COAG to gain national support for such taxes, but if necessary (as per the wagering tax) consider "going it alone" in the introduction of such taxes.

Disused Property Tax

In our submission to the State Tax Review, SACOSS put forward a new idea for a new type of property tax. The proposal was driven by the fact that South Australia currently has too many homeless people and a housing affordability crisis. At the same time, there is housing property sitting empty, land left undeveloped and countless empty shops and commercial premises undermining the wealth and development in some communities. The proposal was simply that there be an escalating rate of land tax and council rates on vacant city/suburban properties that are not being utilised after a set period (perhaps two years). In theory this would create a disincentive for leaving productive resources idle, but we acknowledged at the time that we had not been able to thoroughly research the proposal. It was a proposal for research and development, rather than a concrete policy proposal.

However, since that time there has been a significant development with the Victorian Government (2016) recently announced a 1% tax on residential properties left vacant for more than 6 months in a calendar year. There will be a range of exemptions, and the details of the tax are still to be worked out, but it was part of a package of measures aimed at assisting housing affordability by increasing supply of property on the market.

Survey Data

The current survey pre-dated the Victorian announcement, but tested potential support for the idea of a disused property tax. The question in the survey was limited to commercial buildings rather than suburban housing lots, and simply asked how respondents would feel about the idea of a higher rate of land tax on commercial buildings that are vacant or unused for two years or more.

As Table 4 shows, there was a reasonable level of support with just under half of respondents supporting the idea and only about one-quarter of people opposed to the idea. Predictably given that the idea has had no public debate, there were a significant number of people unsure or needing more information, but there is nothing in the summary level statistics to suggest that the idea should be abandoned.

Table 4: Disused Property Tax

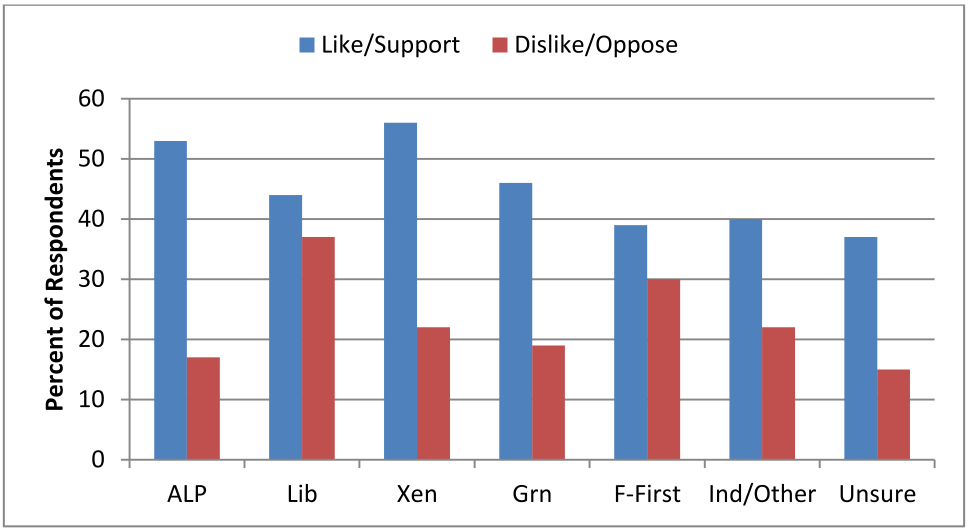
	% of respondents
Like/support	47
Dislike/do not support	24
Unsure – need more info	26
Don’t care	4

The more detailed break-down of statistics does show some significant difference in support/opposition among difference groups. Younger people were more likely to be unsure or need more information (39%), while only 14% of those over 60 were unsure. In fact, those over 60 had the highest rate of support for the idea (55%), but also had the highest rate of opposition at 30%. Men were more likely to support the idea than women (50% of men, 42% of women supported the idea), but again this was mainly due to a higher proportion of women being unsure or wanting more information. There was a clear metro/regions difference with 32% of regional respondents opposed to the idea by comparison with just 21% opposed in the city. However, there was a greater rate of respondents being unsure and needing more information in the city (29%: 18%).

Respondents' income was not a particular factor in responses, except for the top income bracket of income over $131,000 pa where at 32% the opposition to the idea was stronger than the average. This is not surprising as many investors or developers would be in this income category, but even then 49% of the quintile still supported the proposal. Its support was actually weakest among middle income earners, although again this was probably in part due to higher rates of respondents being unsure/needing more information.

Across political parties there was majority support for the idea from Labor voters (53%) and Xenophon voters (56%), while Liberal voters had the highest rate of opposition to the disused building tax idea (37%) – although more Liberal voters supported the idea.

Figure 6: Attitude to Disused Property Tax by Voting Intention



Again though, all these figures need to be tempered by the lack of detail and public debate around the idea and the relatively high number of respondents who were unsure or needed further information. Further information or public debate may throw up problems or scare campaigns which make tax reforms like the imposition of new taxes such as this difficult, but it is interesting to note that among those who said they knew "a lot" about land tax, 53% supported the idea and 40% opposed. This higher level of support among those most informed about land tax, plus the strong base level support with twice the number of respondents supporting the idea than against it, suggests potential for significant community support for a disused property tax.

Recommendation

Given the possibilities suggested by the survey data, and in light of the lead recently taken by the Victorian government, SACOSS recommends that the state government do a feasibility study and develop a proposal for how a differential (penalty) tax on unused real property might operate, including:

- whether it should apply to residential or commercial properties, or both;
- the appropriate level and mechanism for such a tax; and
- whether, or to what extent, it would provide incentives for better use of real estate.

Transport/Congestion Taxes

In 2012, the South Australian government proposed a Transport Development Levy (TDL) – a $750 levy on parking spaces in the Adelaide CBD. This was a different and blunter form of congestion taxes that operate in some cities around the world, and the revenue was to be used to develop public transport infrastructure. However, this "car park tax" aroused vocal opposition and the enabling legislation was defeated in the parliament in 2014. Since then the government has not revisited the idea of a car park tax.

The transport section of the State Tax Review floated the idea of replacing stamp duties on vehicle sales with increased annual registration fees, but did not contain any proposals for congestion-type taxes aimed at covering externalised costs of traffic congestion or changing behaviour to reduce congestion. However, in its response SACOSS recommended this approach and proposed a car park tax, but with the revenue used instead to reduce vehicle registration fees. The logic was simply to use the tax to discourage one of the most costly and inefficient car usages (driving to the city), while making vehicle ownership cheaper – noting that vehicle ownership taxes are largely regressive and that car ownership is necessary in a state where public transport options are severely limited. Based on the budget numbers for the Transport Development Levy, SACOSS' tax review submission estimated that a $750 car park tax would lead to a $22 reduction in vehicle registration fees for everyone in the state.

Survey Data

SACOSS tested support for this proposition by asking respondents how they would feel if a city car park tax was introduced in place of some vehicle registration fees. We did not do a baseline test of support for a city car park tax without the registration fee offset, in part because we assumed the support would be low given the reaction to the government's Transport Development Levy. As Table 5 shows, the support for a city car park tax, even with the registration fee offset, was indeed low.

Table 5: City Car Parking Tax

	% of respondents
Like/support	35
Dislike/do not support	36
Unsure – need more info	26
Don't care	3

There were a few significant differences in the demographics. Men were more likely to support the proposal than women (39% among men, 32% support among women), while those over 60 were most likely to dislike the idea (46%). These statistics mays reflect differences in comfort and ability to use public transport, but it was surprising there was not a greater difference between metro and regional respondents. Respondents in regional areas would be least likely to be effected by a city car park tax, but would get the benefit of a vehicle registration reduction – yet only 39% of regional respondents supported the idea (above the 34% metro support, but not overwhelming) while 37% opposed the proposal – about the same proportion as in the metro area.

There were also a few surprises in terms of political affiliation. Support for the proposal was strongest from Labor voters (39%) – possibly reflecting that the original Transport Development Levy was a Labor initiative. However, support was equally high among Xenophon voters, although the Xenophon Team's John Darley had voted against the TDL. Unsurprisingly, opposition to the proposal was strongest among Liberal voters with 48% opposed, while Green voters were split fairly evenly with 37% in support but 29% opposed and 31% unsure. The base numbers for the Greens are low (62), so these results should be treated with some caution, but they do not suggest strong support for what could be considered an environmental tax.

Recommendation

Given the general lack of support for a city car park/congestion tax evident in the survey results – even when sweetened with a registration fee reduction, and given the history of the Transport Development Levy, it is hard to see any tax changes in this direction being viable in the near future. Accordingly, SACOSS suggests that tax reform efforts would be better directed elsewhere.

Conclusion

While there was significant support in the survey for a number of tax reform proposals put forward, SACOSS does not underestimate the difficulty of tax reform, particularly in relation to ensuring there is enough revenue to fund public infrastructure and services into the future. Governments often have to deal with often a fundamental contradiction of people wanting to pay less tax but have more expenditure on public infrastructure and services, and for any government proposing reform, there is likely to be a significant (and loud) opposition to that reform.

However, the problems should not be exaggerated and to some extent, these issues face all tax and political reform proposals. Yet the SA government's successful legislating of the place-of-consumption wagering tax and the Victorian government's recent announcement of housing tax reforms, including the imposition of a new vacant properties tax suggests that there is still some possibility of tax reform.

The year leading up to a state election may not be the best time to put new tax proposals on the political stage, but whichever party wins the election will need to deal with the ongoing revenue challenges in the budget and the need to raise funds to pay for services. While popularity is not the only or even the best way to evaluate tax reform, it is potentially a serious block to otherwise good reform proposals – hence the data in this report is significant.

Of the seven tax reform ideas SACOSS put forward, three had majority support: replacing some state taxes like ESL with an inheritance tax on large estates, making clubs pay the same gambling taxes as clubs, and having higher gambling taxes on high intensity machines. Two proposals (for an inheritance tax and a disused property tax) had less than majority support, but still had more people in favour than against the proposal (with the remainder being unsure). The city car parking tax idea had more people opposed to it than supporting it, while the proposal to replace real estate stamp duties with an annual tax had the lowest level of support, but such a high proportion of people who were unsure that further debate was probably needed – the very debate that was cut off after it was proposed in the State Tax Review.

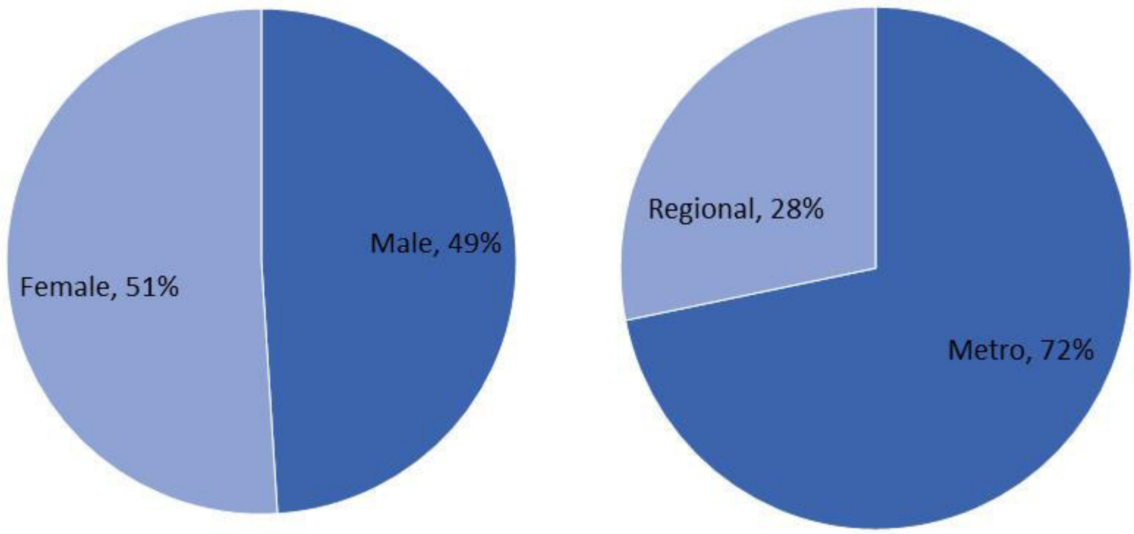
Given these survey results, and because we believe that the proposed reforms to gambling tax are fairer than the current system and can contribute to greater harm prevention – as well as raising revenue, SACOSS believes that this would be the easiest priority for the state government to pursue. Those reforms also have the advantage of being operationally simplest, while other reforms such as inheritances taxes are a much bigger – and potentially national project. However, these harder-to-do reforms – like inheritance taxes or replacing stamp duty with an annual tax, may still be essential for creating a fair and efficient tax system to fund public infrastructure and services, and that reform process too must start somewhere.

Appendix 1: Survey Demographics

A total of 1,062 South Australian residents over the age of 18 were surveyed, with the results then filtered to maximise representativeness resulting in a working sample of 1,000 respondents: 678 people on line, with the remaining 322 interviewed by phone.

The requirement of the survey sample was that it be broadly representative of the South Australian adult population across a range of demographic variables. The end result was a sample set that was sufficiently representative that no differential weighting was required in analysing the results. Accordingly, the numbers and percentages for each question are the actual numbers/percentages.

Figure 7: Respondents' Gender and Location



7% of respondents said that a language other than English was spoken in their home.

Table 6: Respondents' Housing Arrangements

Housing Tenure	%	**Household Structure**	%
Live in a house I own / am paying off	64.2	Family household	83
Renting accommodation	23.4	One person, living alone	13
Living rent free, e.g. with parents / friends	7.3	A non-family household (eg. share house)	5
Other/unknown	5.1		

Table 7: Age of Respondents

	%
18-24 years	12
25-39 years	25
40-59 years	35
60+ years	28

Table 8: Respondents' Occupation

	%
Work full time	31
Work part time / casual	23
Home duties	9
Unemployed, looking for work	6
Retired	19
Full-time student or apprentice	4
Part time student	1
Not working because of injury / disability	5
Other	2

APPENDIX 2: Survey Questions about Tax Reform Proposals

Note: This is a subset of the entire survey which also asked about attitudes to and knowledge of state taxes and about expenditure priorities (to be dealt with in separate forthcoming SACOSS reports), and about basic demographics and voting intentions.

TEXT IN BOLD, CAPS AND BLUE IS PROGRAMMING INSTRUCTIONS
NOTE:

- **"SR" REFERS TO SINGLE RESPONSE (ONLY ONE RESPONSE IN A LIST IS ENABLED);**
- **"MR" REFERS TO MULTIPLE RESPONSE (MORE THAN ONE RESPONSE IN A LIST IS ENABLED)**

SECTION 4: SPECIFIC REFORM AREAS

We would now like to get your views on some ideas for state tax reform.
RANDOMISE SUBSECTIONS WITHIN THIS OVERALL SECTION – I.E. LAND TAX, INHERITANCE TAX, GAMBLING TAX, AND OTHER TAXES

LAND TAX / REAL ESTATE STAMP DUTY

Currently, **investment property owners** and **business owners with commercial real estate** pay an annual tax on their land. Whereas, **home buyers** instead pay stamp duty when they **buy** a home.

Q11. LAND TAX REFORMS A

Q11. Currently, or in the past, have you paid ... **SR**

	1. Yes (paid)	2. No (never paid)	3. Unsure / don't know
a) Land tax – as an investment property owner, or business owner with commercial real estate			
b) Stamp duty – as a home buyer when buying a home			

Q12. LAND TAX REFORMS B
Q12. One idea for reform is to collect land tax from everyone via the annual tax only, and to abolish stamp duty on purchases.
How do you feel about this idea? **SR**

1. Like / support
2. Dislike / do not support
3. Unsure - need more information
4. Don't care

INHERITANCE TAX
Consider the idea of a state government tax on inheritances for **estates over $2 million.**

Q13. INHERITANCE TAX A

Q13. How do you feel about this idea? **SR**

1. Like / support
2. Dislike / do not support
3. Unsure - need more information
4. Don't care

Q14. INHERITANCE TAX B

Q14. If the introduction of Inheritance Tax led to a decrease in other state taxes such as the Emergency Services Levy or Land tax, how would you feel about it? **SR**

1. Like / support
2. Dislike / do not support
3. Unsure - need more information
4. Don't care

ASK Q15 IF 2, 3 OR 4 AT Q13 OR Q14

Q15. INHERITANCE TAX C

Q15. A number of high profile economists have suggested that an inheritance tax would **increase social equality**. How does this make you feel about the idea now? **SR**

1. Like / support
2. Dislike / do not support
3. Unsure - need more information
4. Don't care

GAMBLING TAX

This tax is paid by gambling providers and is a **proportion of revenue** from poker machines and wagering (betting) gambling.

Currently, **Clubs and non-profit associations** (e.g. RSLs, football and bowling clubs) currently **pay a lower tax rate** on poker machine revenue than pubs and for-profit venues.

Q16. GAMBLING TAX A

Q16. How would you feel if this lower poker machine tax rate for clubs and non-profit associations was abolished, and they were required to pay the same amount of tax as pubs and for-profit venues? **SR**

1. Like / support
2. Dislike / do not support
3. Unsure - need more information
4. Don't care

Q17. GAMBLING TAX B

Q17. How would you feel about a higher rate of poker machine tax for 'high intensity' machines (that allow bets of more than $1 per spin)? **SR**

1. Like / support
2. Dislike / do not support
3. Unsure - need more information
4. Don't care

OTHER TAXES

Q17. URBAN TAXES

Q17. If a city car park tax was introduced in place of some of the vehicle registration fees, how would you feel about this? **SR**

1. Like / support
2. Dislike / do not support
3. Unsure - need more information
4. Don't care

Q19. DISUSED BUILDINGS AND VACANT LAND

Q19. How would you feel about the idea of a higher rate of land tax on commercial buildings that are vacant or unused for 2 years or more? **SR**

1. Like / support
2. Dislike / do not support
3. Unsure - need more information
4. Don't care

DEMOGRAPHIC

D1. VOTING INTENTIONS

D1. If there was a state election tomorrow, which party would you vote for? **SR**

1. Australian Labour Party (ALP)
2. Liberal Party of Australia (LIB)
3. National Party of Australia
4. Nick Xenophon Team
5. Independent
6. The Greens
7. Family First
8. Other
9. Unsure / Don't know
10. Rather not say

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