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## We don't need a drip feed of information on GST – modelling already exists on impacts for households and economy

CPA Australia Chief Executive Alex Malley says new figures from the Parliamentary Budget Office focus only on revenue and don't provide the broad context of impact on families.

Malley says a CPA Australia report released earlier in the year clearly shows that reforming the GST can deliver tax cuts, improve household incomes and boost Australia's economic growth.

"Our research looked in detail at four options, just as Treasury is now doing, and paints a comprehensive picture of how changes to the GST will impact households and the broader economy", Malley says.

"We've modelled different scenarios of changes to the rate and base of the GST at 10 and 15 per cent, with each generating additional GST revenue ranging from \$12.1 billion to \$42.9 billion in the first year of introduction.

"The GST story is broader than revenue - our report shows that the extra revenue can be used to abolish a number of inefficient state taxes and also provide for personal income tax cuts and compensation for low income households, while also boosting economic growth.

"The net outcome in all four reform scenarios is that households across the income spectrum can be better off.

"It is the packaging of changes to the GST with the removal of other taxes that is critical, and is so often missing when it comes to the GST debate.

"Despite these findings, all sides of politics, both state and federal, were quick to distance themselves from any suggestion of GST reform.

**"The about face we've seen and the renewed willingness to examines options is an acknowledgement that GST must be a central consideration of the broader tax reform discussion.**

"GST is not the be-all and end-all of tax reform, but it's a big part of it.

"The issue has never been a lack of understanding of what we need to do, it's just that politics has always made it impossible to discuss.

"Resistance to GST is a problem of political leadership. There are many Australians who just don't trust politicians to play ball.

"At its base, there's a fear that the GST will go up, and the promised cuts to inefficient state taxes and appropriate levels of compensation won't happen.

"We have new economic leadership in place under Treasurer Scott Morrison so let's hope this time is different.

"We must take care to ensure the fear and misinformation that usually characterises the GST debate does not derail the reform process - it's too important for our future prosperity.

"Our economy relies far too much on incomes taxes – personal and corporate - and a greater reliance on taxes on consumption deliver a better, more resilient tax mix."

CPA Australia's report can be found at: <http://www.cpaaustralia.com.au/documents/tax-reform-in-australia.pdf>

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