

# Business Coalition for Tax Reform

## Small business decision-maker survey findings Eureka project 3086

### Summary of findings

Overall, a very high level of support was evident for GST reforms across the four dimensions examined.

- Support for the overall Agreement between State and Commonwealth Governments that provided for the abolition of nine State business taxes: **86%** nationally (NSW 87%, Victoria 85%, Queensland 88%, Western Australia 86% and South Australia 87%).
- Preference for a two versus six year phase out for remaining taxes: **79%** nationally (NSW 79%, Victoria 77%, Queensland 83%, Western Australia 80% and South Australia 76%).
- Support for retention of Stamp Duty on Commercial Leases on list of taxes to be eliminated: **73%** nationally (NSW 70%, Victoria 72%, Queensland 79%, Western Australia 73% and South Australia 71%).
- Belief that New South Wales and Western Australia should commit to phasing out all nine taxes: **85%** nationally (**NSW 90%**, Victoria 78%, Queensland 84%, **Western Australia 90%** and South Australia 86%).

Findings are presented in detail in the following sections.

### Background

The questions were developed by Eureka Strategic Research in consultation with BCTR and included in the Woolcott Research Small Business Omnibus. Fieldwork took place between 29 June and 8 July 2005 and was conducted via Computer Assisted Telephone Interviewing.

In all, **1,000 small businesses** were surveyed across Australia (quotas for location and industry were representative of all Australian small business). All respondents indicated they were the main decision-maker for their small business. The State-Territory breakdown was as follows (further sample details presented in "Additional sample characteristics" section).

- Note: Please exercise caution in interpreting findings associated with small samples derived for Tasmania, ACT and NT.

## Sample breakdown

	Frequency	Percent
NSW	332	33.2
VIC	238	23.8
QLD	200	20.0
WA	110	11.0
SA	70	7.0
TAS	20	2.0
ACT	20	2.0
NT	10	1.0
<b>Total</b>	<b>1,000</b>	<b>100</b>

## Findings

### Overall views on GST agreement

Question 1: *In 1999, an Agreement was reached between State and Commonwealth Governments providing for nine State business taxes to be eliminated in return for revenue from the GST.*

*It was agreed that some of these taxes would be abolished by 2001, with the remainder to be considered for elimination this year.*

*Do you support this agreement to eliminate nine State business taxes?*

### Support for the overall Agreement

	Yes	No	Don't Care	Don't Know	Total
NSW	288	8	7	29	332
%	86.7	2.4	2.1	8.7	100
WA	95	2	0	13	110
%	86.4	1.8	0.0	11.8	100
SA	61	0	3	6	70
%	87.1	0.0	4.3	8.6	100
QLD	176	1	3	20	200
%	88.0	0.5	1.5	10.0	100
VIC	201	3	9	25	238
%	84.5	1.3	3.8	10.5	100
TAS	14	2	1	3	20
%	70.0	10.0	5.0	15.0	100
NT	9	0	0	1	10
%	90.0	0.0	0.0	10.0	100
ACT	18	0	0	2	20
%	90.0	0.0	0.0	10.0	100
<b>Total</b>	<b>862</b>	<b>16</b>	<b>23</b>	<b>99</b>	<b>1,000</b>
%	86.2	1.6	2.3	9.9	100

*Comment:* A very high level of support was recorded for the broad provisions of the Agreement (86% nationally), with opposition very low (< 2%). Similar agreement vs opposition profiles were recorded across the four larger States. Interestingly, 12.2% of respondents indicated they didn't know or care about the Agreement.

## Two year versus six year phase out

Question 2: Six State and Territory Governments, excluding New South Wales and Western Australia, have agreed to phase out some of the remaining business taxes included in this Agreement over six years.

This is in contrast to the Commonwealth Treasurer's initial proposal of a two-year phase-out.

Which do you prefer... a phase-out over six years or two years?

### Preference for a two versus six year phase out for remaining taxes

	Six Years	Two Years	Neither	Don't Care	Don't Know	Total
NSW	35	262	5	10	20	332
%	10.5	78.9	1.5	3.0	6.0	100
WA	7	88	4	2	9	110
%	6.4	80.0	3.6	1.8	8.2	100
SA	7	53	4	4	2	70
%	10.0	75.7	5.7	5.7	2.9	100
QLD	16	165	3	5	11	200
%	8.0	82.5	1.5	2.5	5.5	100
VIC	21	184	4	12	17	238
%	8.8	77.3	1.7	5.0	7.1	100
TAS	2	16	1	0	1	20
%	10.0	80.0	5.0	0.0	5.0	100
NT	2	7	0	0	1	10
%	20.0	70.0	0.0	0.0	10.0	100
ACT	0	18	0	0	2	20
%	0.0	90.0	0.0	0.0	10.0	100
<b>Total</b>	<b>90</b>	<b>793</b>	<b>21</b>	<b>33</b>	<b>63</b>	<b>1,000</b>
%	9.0	79.3	2.1	3.3	6.3	100

*Comment:* A two year phase out represented the dominant preference (79% nationally), with preference for the longer phase out at under 10%. Among the larger States, Queensland had a slightly greater preference for the two year phase out (83%) than NSW, Victoria and Western Australia.

## Stamp Duty on Commercial Leases

Question 3: One of the nine taxes in this agreement between State and Commonwealth Governments was Stamp Duty on Commercial Property Sales. The six State and Territory Governments, excluding New South Wales and Western Australia, want to exclude this tax from the list of taxes to be eliminated.

Do you think that Stamp Duty on Commercial Property Sales should remain on the list of taxes to be eliminated? [IF NECESSARY: That is, do you support its elimination?]

## Retention of Stamp Duty on Commercial Leases with taxes to be eliminated

	Yes	No	Don't Care	Don't Know	Total
NSW	232	70	6	24	332
%	69.9	21.1	1.8	7.2	100
WA	80	20	2	8	110
%	72.7	18.2	1.8	7.3	100
SA	50	7	6	7	70
%	71.4	10.0	8.6	10.0	100
QLD	157	29	2	12	200
%	78.5	14.5	1.0	6.0	100
VIC	171	38	8	21	238
%	71.8	16.0	3.4	8.8	100
TAS	15	4	0	1	20
%	75.0	20.0	0.0	5.0	100
NT	9	1	0	0	10
%	90.0	10.0	0.0	0.0	100
ACT	13	5	0	2	20
%	65.0	25.0	0.0	10.0	100
<b>Total</b>	<b>727</b>	<b>174</b>	<b>24</b>	<b>75</b>	<b>1,000</b>
%	72.7	17.4	2.4	7.5	100

*Comment:* Retention of Stamp Duties on Commercial Leases in the list of taxes to be abolished received strong support (73% nationally). There was, however, a significant portion who disagreed (17% nationally). Among the larger States, Queensland had the greatest preference for its retention in the list of taxes to be abolished (79%), with NSW and Victoria recording similar results (70-72%).

### NSW and WA opposition to further reform

Question 4: *The New South Wales and Western Australian State Governments have said they are under no obligation to eliminate taxes in line with the Agreement I described at the beginning.*

*Do you believe that New South Wales and Western Australia should commit to phasing out all nine business taxes in return for revenue from the GST?*

## Belief that NSW and WA should commit to phasing out all nine taxes

	Yes	No	Don't Care	Don't Know	Total
NSW	300	12	1	19	332
%	90.4	3.6	0.3	5.7	100
WA	99	3	1	7	110
%	90.0	2.7	0.9	6.4	100
SA	60	2	4	4	70
%	85.7	2.9	5.7	5.7	100
QLD	168	7	9	16	200
%	84.0	3.5	4.5	8.0	100
VIC	186	9	17	26	238
%	78.2	3.8	7.1	10.9	100
TAS	14	4	0	2	20
%	70.0	20.0	0.0	10.0	100
NT	8	1	0	1	10
%	80.0	10.0	0.0	10.0	100
ACT	15	1	1	3	20
%	75.0	5.0	5.0	15.0	100
<b>Total</b>	<b>850</b>	<b>39</b>	<b>33</b>	<b>78</b>	<b>1,000</b>
%	85.0	3.9	3.3	7.8	100

*Comment:* A belief that NSW and WA should commit to phasing out all nine taxes was particularly high in NSW (90%) and WA (90%). While 85% agreement was recorded nationally, it is interesting that the lowest result, among the larger States, was recorded in Victoria (78%).

## Additional sample characteristics

### Business type

	Frequency	Percent
Manufacturing	83	8.3
Construction	172	17.2
Wholesale Trade	71	7.1
Retail Trade	171	17.1
Accommodation, Cafes and Restaurants	43	4.3
Transport and Storage	61	6.1
Finance and Insurance	21	2.1
Property and Business Services	206	20.6
Education	18	1.8
Health and Community Services	53	5.3
Cultural and Recreational Services	31	3.1
Personal and other services	70	7.0
<b>Total</b>	<b>1,000</b>	<b>100</b>

### Number of employees

	Frequency	Percent
1-5	519	51.9
6-10	139	13.9
11-20	85	8.5
No employees/sole trader	257	25.7
Total	1,000	100

### Years in operation

	Frequency	Percent
Less than 1 year	26	2.6
1-2 years	48	4.8
2-5 years	138	13.8
6-10 years	197	19.7
More than 10 years	591	59.1
Total	1,000	100

### Place of operation of business

	Frequency	Percent
Home	279	27.9
Separate premises	721	72.1
Total	1,000	100

### City versus country location

	Frequency	Percent
City	545	54.5
Country	455	45.5
Total	1,000	100

### Gender

	Frequency	Percent
Male	584	58.4
Female	416	41.6
Total	1,000	100

### Age

	Frequency	Percent
18-24	22	2.2
25-39	236	23.6
40-54	468	46.8
55-59	154	15.4
60+	120	12.0
Total	1,000	100