

Fairfax Ipsos poll: Voters back GST rise...with compensation



Prime Minister Malcolm Turnbull stretched his lead as preferred Prime Minister by 5 points, matching the 69 per cent record set by Kevin Rudd at his height. Andrew Meares

Phillip Coorey, AFR, 20 Nov 2015

A majority of voters supports increasing the rate of GST if it includes compensation for lower and middle-income earners, providing a solid policy reform foundation for the Turnbull government, which has surged to its biggest lead yet over Labor.

The latest Fairfax/Ipsos monthly poll shows the Coalition continuing to stretch its lead under Malcolm Turnbull to now lead Labor by 56 per cent to 44 per cent on a two-party-preferred basis.

This shift, matched by a further decline in Labor's fortunes and those of its leader Bill Shorten, may have been influenced partly by the Paris terror attacks and Mr Turnbull's response. It represents a 3 percentage point swing to the Coalition since the last poll and also since the 2013 federal election.

Since the last poll in October, there has been intense debate about the GST and tax reform in general. The latest poll finds support for a GST increase in isolation has plunged from 37 per cent to 28 per cent since April, while opposition has risen 7 percentage points over the same period to 66 per cent.

However, when voters are asked whether they supported an increased GST if accompanied by tax cuts and other forms of compensation for household on incomes of less than \$100,000, support almost doubles to 52 per cent while opposition plunges to 41 per cent.

The findings will buoy the government. While it has yet to formally decide on whether to increase the GST to pay for the reduction of other taxes, it has been modelling scenarios.

Despite it being highly likely that high-income earners will not be compensated for a GST increase, the poll finds they are more supportive of the change than those who stood to be compensated.

Nervous backbenchers wary of backlash

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Of those on incomes of more than \$100,000 34 per cent support a GST increase. This falls to 27 per cent among those earning between \$40,000 and \$100,000, and 22 per cent for those earning less than \$40,000.

Despite nervous backbenchers warning of a backlash from an increased GST, Mr Turnbull has repeatedly assured that any increase would be offset by compensation in the form of tax cuts and welfare increases for the low and middle paid.

The poll suggests voters are much more hostile to an increased GST than they were to the original decision to impose a GST in 1998.

The poll of 1402 voters was taken from Thursday night to Saturday night last week, during which time, Mr Turnbull was in Jakarta and Berlin and 129 innocent people were slaughtered and 350 more wounded in the Paris terror attacks.

Traditionally voters flock to the incumbent in times of terror, as they did after September 11, 2001.

This poll finds the Coalition's primary vote has risen 3 points since last month to 48 per cent while Labor's primary fell a point to 29 per cent, which is lower than the 33 per cent it received at the 2013 election.

The Greens fell a point since last month to 13 per cent.

Stratospheric rating

Mr Turnbull's personal ratings remained stratospheric while those of Labor leader Bill Shorten worsened to new personal lows.

Mr Turnbull's approval rating stayed relatively steady at 69 per cent, as did his disapproval rating at a lowly 16 per cent. Mr Shorten's approval rating fell 3 points to 29 per cent and his disapproval was statistically unchanged at 57 per cent.

These are Mr Shorten's worst ratings in the poll and match the depths plumbed by Tony Abbott in February when he survived a leadership spill.

Mr Turnbull stretched his lead as preferred Prime Minister by 5 percentage points to now best Mr Shorten by 69 per cent to 18 per cent. This matches the 69 per cent record set by Kevin Rudd at his height.

Mr Turnbull's colleagues believe he will need his current political capital if he is going to take tax reform to the 2016 federal election.

Recently, the Australian Council of Social Service released economic modelling which showed lower income earners are hit proportionally harder by a GST increase, and this is exacerbated by an income tax cut.

Levels yet to be set

The government is yet to define what income levels it believes should be compensated should it increase the GST. The states, led by NSW, have been modelling scenarios nominating household incomes of \$100,000 as a cut-off.

Labour and the Greens oppose any GST increase or broadening of the base, arguing the compensation is ephemeral and the tax remains regressive.

Coalition voters are the most supportive of a GST increase while Labor voters are opposed, either with or without compensation.

Mr Shorten was campaigning on the GST issue in Darwin on Monday, arguing an increased GST rate of 15 per cent would hit more remote cities and communities even harder. "Labor is dead against creating a 15 per cent GST on everything," he said. "We don't accept that the answer to Australia's challenges is to put a blanket 15 per cent tax on everything. A 15 per cent GST on everything is a tax on the Territory. Labor is not going to support it. We don't think the case has been made out to increase the cost of living for everyone."

with Laura Tingle