



Media Statement

7 August 2025

A 'progressive GST' to reduce reliance on personal income tax and repair the budget

Federal Member for Curtin, Kate Chaney MP, is renewing her call for the upcoming Economic Reform Roundtable to include all options for tax reform.

"The major parties like to talk about tax cuts and spending but they're less willing to discuss where the money will come from. We need to avoid ruling options out so we can move past the gridlock and hysteria. One way to reduce personal income tax, improve the budget bottom line and boost productivity would be to introduce a 'progressive GST'.

"Under a progressive GST model, we could increase the rate of GST to 15% and remove exemptions on food, education and health, bringing Australia in line with other OECD countries. But to ensure equity is maintained, the Government could pay every Australian adult a \$3,300 annual 'basics rebate' which would effectively mean they pay no GST on their first \$22,000 of expenses, making the lowest 60% of income earners better off.

Parliamentary Budget Office modelling commissioned by Ms Chaney suggests the increased GST and removing current exemptions would raise \$92.5bn in 2026-27 while the 'GST-free threshold' would cost \$68.8bn leaving \$23.8bn to help balance the budget, boost spending or cut personal income taxes while improving economic efficiency and productivity.

Ms Chaney has been working up the proposal with economist Professor Richard Holden since 2023. Professor Holden and Professor Rosalind Dixon have recently made a submission to the Government's Economic Reform Roundtable, and released the UNSW Sydney report, A Progressive GST (August 2025), which sets out the progressive GST concept in more detail.

"PBO modelling shows that it is possible to broaden the GST base and increase the rate without shifting the burden disproportionately to lower income earners, through a 'basics rebate'. In fact, the lowest 60% of income earners could be better off under a progressive GST.

"GST is an efficient tax – it is hard to avoid – and with lower and middle-income groups potentially better off under this proposal, it can be progressive. Unlike personal income tax, it doesn't hamper productivity," said Ms Chaney.

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Kate Chaney MP

FEDERAL MEMBER FOR CURTIN

“Our tax system needs to be fit for purpose as demographics change to ensure our children will be better off. We must be willing to consider all tax options, including changes to GST. Ruling out changes to significant parts of our tax system is like trying to tackle reform with one hand tied behind our back.

“Intergenerational inequity is built into our tax system - younger generations are facing the growing burden of funding an ageing population and will bear the cost of future interest payments to cover the structural deficit forecast for the next decade.

“We have to have courageous conversations about other revenue sources to avoid handballing this problem to future generations.”

Quotes attributable to Richard Holden:

“It is widely accepted that the GST is an efficient tax, but it is thought to be regressive. This plan shows that it doesn’t have to be that way. By providing every adult Australian with a \$22,000 GST-free threshold the GST can be both efficient and progressive.

“Our proposal would make our taxation system more efficient, make our economy more dynamic and provide the impetus for productivity growth.”

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