

The Cost of Privilege: Overview

This report looks at the cost of tax measures that benefit the wealthiest Australians. These include:

- » Capital gains tax concessions and exemptions
- » Superannuation concessions and tax breaks
- » Private education tax exemptions
- » Private health tax exemptions
- » Negative gearing
- » Discretionary trusts

We find that the cost of foregone tax revenue from the richest 20% of Australians is over AU\$68 billion per annum. That's around \$37 a week from every worker in the country.

Key figures

Our analysis of data from the ABS, Australian Treasury, and the HILDA report shows that:

- » Capital gains tax concessions to the wealthiest 20% cost taxpayers a staggering \$40.2 billion per year¹.
- » Superannuation tax concessions to the wealthiest 20% cost \$20.85 billion per year.
- » Benefits from discretionary trusts are almost entirely received by the wealthiest 20% of Australians, costing \$2 billion per year.
- » Benefits from negative gearing to the wealthiest 20% costs \$2.26 billion per year.

Comparing the Top 20% to the Bottom 20%

This table shows that the bottom 20% of Australians by wealth collectively receive just \$6.1 billion in such benefits, while the top 20% receive ten times as much, at over \$68 billion.

Benefit	Total expenditure (\$B)	Bottom 20% (\$B)	Top 20% (\$B)
Principle residence CGT exemption	74	5.1	31.8
Superannuation – earnings	19.25	-0.06	11.1
Superannuation – contributions	16.9	-0.05	9.75
Capital gains tax concession	10.3	0.23	8.4
Negative gearing	4.55	0.3	1.73
Private health GST exemption	4.3	0.22	2.26
Education GST exemption	4.1	0.4	1.51
Discretionary trusts	2.0	0	2.0
Total	135.4	6.14	68.55

What this means

The cost of these measures easily outstrips that of any single welfare recipient group. For example the annual cost of the Newstart benefit is \$10.994 billion per year, or \$6 a week from every worker in the country, while the entire Aged Pension program costs under \$44 billion per year. Our findings expose the falsity of government rhetoric about the benefits of tax concessions to “average” Australians.

¹ This annual figure assumes an average annual capital gain that is realised after ten years. Further information can be found in the ‘Methodology’ section of the report.