

25 YEARS OF FALSE STARTS

A new approach to tax reform



CONTENTS

Foreword	3
----------	---

Why Australia Needs A New Approach To Tax Reform	4
The Problem: 25 Years Of False Starts	5
Why We Need Tax Reform Now More Than Ever	9
Why Today's Context Is Different	12
A National Tax Reform Roadmap	13
Case Studies	15
Conclusion: From False Starts To A Reform Pathway	16
Methodology	17

FOREWORD

Mike Baird and Anna Bligh

Over the past 25 years, almost any serious attempt at tax reform in Australia has followed a familiar pattern. Proposals are announced, lines are drawn almost immediately, and within the first 24-hour news cycle winners and losers are defined. Positions harden, the space for serious consideration narrows and partisanship is prioritised over progress.

This is no accident. McKinnon's report, '25 Years of False Starts' reveals persistent patterns that make failure more likely than not. The combination of electoral risk, complexity, the constraints of federalism and broader uncertainty have combined to stop our reform journey before it's even begun.

Learning from these past failures is not an exercise in hindsight. It is a practical response to a recurring problem. By identifying the forces that have repeatedly undermined reform, this report explores whether a different approach could help Australia move beyond repeated false starts and build a more credible pathway for future change.

We need to build a better reform environment. One in which proposals are given a fair hearing, research is considered on its merits, the public is meaningfully engaged, and all sides of parliament can contribute constructively to long-term solutions in the national interest.

We believe this report can hasten the beginning of that journey.

Mike Baird and Anna Bligh



Mike Baird

CEO, McKinnon
Former Premier and
Treasurer of New South Wales



Anna Bligh

Expert Adviser, McKinnon
Former Premier and
Treasurer of Queensland



WHY AUSTRALIA NEEDS A NEW APPROACH TO TAX REFORM

1

Since the introduction of the GST in 2000, successive governments of both persuasions have commissioned reviews, assembled expert panels, released discussion papers and announced reform ambitions that diagnose remarkably similar problems.

Yet comprehensive reform has repeatedly stalled, been diluted, or unravelled under political pressure. Since 2000, Australia has attempted major tax reform roughly once every three years — and failed almost every time.

This is not a story of poor analysis or a lack of ideas. On the contrary, Australia's tax debates have been unusually well-served by high-quality economic work. The past 25 years suggest that tax reform in Australia does not fail because the case is weak, but because reform is consistently attempted under conditions that make failure likely.

The same pattern has repeated across very different reform episodes: from business tax to personal income tax, to resource taxation, to the GST, to federal–state tax arrangements. While the policy detail varies, four barriers recur with striking consistency: political incentives and electoral risk; the complexity of the tax system and challenges in communication; institutional constraints arising from federalism; and economic uncertainty that favours short-term management over long-term reform.

These barriers do not operate in isolation. It is their interaction that has repeatedly undermined reform ambition. Political risk is magnified by complexity. Federal fragmentation multiplies veto points. Economic uncertainty encourages delay. Together, they create a reform environment in which caution is rational and retreat is predictable.

The cost of this repeated failure is no longer abstract. As demographic pressures intensify, productivity growth slows and demand for government services rises, the weaknesses of the tax system are compounding rather than stabilising. Younger Australians are increasingly carrying higher tax burdens earlier in life. Investment is distorted towards tax-preferred assets rather than more productive uses. Governments are relying more heavily on narrow and inefficient taxes to fund essential services.

Against this backdrop, this report seeks to draw lessons from the past 25 years of false starts and to identify the conditions under which more ambitious tax reform might succeed more often.



2

THE PROBLEM: TWENTY-FIVE YEARS OF FALSE STARTS

Australia's experience with tax reform since 2000 reveals a recurring pattern. Ambitious proposals are developed, but falter as political risk, stakeholder resistance and institutional complexity accumulates.

This is not to say that governments have made no changes to the tax system over the past quarter century, nor that those changes have been unimportant. Indeed, recent changes to tighten concessions for very large superannuation balances demonstrate that governments continue to pursue reform.

However, the pattern identified in this report is that major attempts at tax reform have repeatedly struggled to survive the political, institutional and economic pressures that accompany them.

These episodes differ in policy detail, but together they illustrate that four key barriers often converge to destabilise and deflate Australia's reform ambition.

Political incentives and electoral risk

Because taxes are highly visible and immediately felt, even well-designed reforms can be weaponised by political opponents. Long-term gains, such as improved productivity, sustainability, or fairness, are difficult to communicate against immediate and tangible costs. Comprehensive reform inevitably creates identifiable losers, even when the overall national benefit is positive.

Short electoral cycles reinforce this dynamic. Political incentives reward policies with immediate, visible benefits, rather than structural changes whose gains may only materialise over decades. Even when both major parties recognise the need for reform, substantive packages are often deferred or diluted because they lack immediate political payoff and expose governments to attack.

In this environment, political incentives can encourage governments and oppositions alike to respond to proposals first as political contests rather than policy questions. Reform ideas are quickly assessed through the lens of electoral advantage, narrowing the space for careful consideration of their merits.

In this context, meaningful tax reform requires more than political courage by governments alone. It requires broader legitimacy and shared responsibility. Removing preferential treatments, broadening tax bases or restructuring inefficient taxes can provoke intense backlash unless there is visible support across business, civil society and the research community. Where that support is absent, governments rationally retreat to incremental adjustments because the risk of more substantive change is borne too narrowly.

Complexity and Communication

The complexity of the tax system compounds political risk. Australia's tax architecture comprises multiple overlapping taxes, concessions and legacy provisions. This density makes reform technically challenging and can obscure its real effects.

Economic arguments for reform are often abstract and struggle to resonate with the broader public. Concepts such as efficiency, productivity and long-term sustainability are difficult to translate into everyday experience. In the absence of a clear and credible narrative, reform proposals are vulnerable to fear campaigns and simplified attack lines.

Reform efforts have fallen down when not accompanied by ongoing, inclusive conversations that help build shared understanding of the trade-offs involved, explain why change is necessary, and develop common reasons for reform that can be communicated consistently. Without this foundation, even well-designed proposals come to lack public legitimacy, making governments reluctant to advance beyond incremental adjustment.

Institutional constraints and federalism

Australia's federal system adds structural barriers. Revenue-raising powers are divided across jurisdictions. The Commonwealth controls the broadest and most efficient tax bases, while the states rely heavily on narrower and more distortionary taxes such as stamp duty and payroll tax.

Electoral cycles across jurisdictions further complicate reform efforts. With state and territory elections occurring regularly across the federation, governments are rarely operating outside an active campaign environment. This can narrow the window for cooperative reform and make politically sensitive tax changes more difficult to sustain across jurisdictions.

Replacing inefficient state taxes requires credible alternative revenue sources and complex intergovernmental negotiations. Achieving alignment across multiple governments with different political incentives and electoral cycles significantly raises the threshold for reform.

Uncertainty and Short Termism

Tax reform debates increasingly unfold in an environment of rapid and overlapping change. Inflation shocks, interest-rate cycles, volatile commodity markets, demographic ageing, climate transition and geopolitical instability have made the economic outlook less predictable and policy trade-offs more complex.

At the same time, heightened uncertainty encourages a reversion to short-term management. Governments become more cautious about altering revenue settings that could add fiscal risk, particularly when shocks are frequent and public confidence is fragile. Even where long-term sustainability concerns are well understood, immediate stabilisation pressures tend to dominate political decision-making.

In this context, reform efforts are vulnerable to delay and drift. Without shared commitments, agreed guardrails for debate, and mechanisms that sustain momentum over time, reform agendas are easily crowded out by the urgency of short-term events. The challenge is to maintain focus and discipline in an environment that constantly pulls attention back to the present.



MAJOR FALSE STARTS

2007: Promised Income Tax Changes

Personal income tax cuts were announced during the 2007 election campaign. These measures were not legislated following a change in government, illustrating how commitments can evaporate when exposed to electoral turnover.

2010: Resource Super Profits Tax (RSPT)

The RSPT sought to tax mining super profits but faced intense industry opposition and hostile media coverage.⁴ Poor communication and intergovernmental tensions amplified political risk, leading to its abandonment and replacement with the narrower MRRT.

2014: Carbon Pricing Mechanism

Carbon pricing was introduced alongside a large increase in the income tax-free threshold, representing a partial shift in the tax mix. Sustained political opposition contributed to its repeal in 2014, while the income tax changes largely remained. The episode illustrates how reform packages can fragment when key elements become politically contested.

2016: State/Federal Tax Reform

Proposals ranging from GST increases to allowing states to levy a surcharge on the federal income tax base were canvassed but quickly abandoned. Some premiers were reluctant to assume responsibility for politically sensitive tax increases, while disagreement over GST distribution and fiscal trade-offs prevented consensus.⁶ The episode exposed the incentive problems embedded in Australia's federal system and the absence of a durable cross-jurisdictional reform coalition.

2016: GST Increase and Base-Broadening Proposal

Proposals to raise and broaden the GST were never formally pursued by the government at the time. Internal party divisions limited perceived economic benefit and the need for unanimous state agreement made reform politically untenable.

1998

1999–2000: Ralph Review of Business Taxation

The Ralph Review resulted in a few important institutional and technical reforms, including the establishment of the Board of Taxation, company tax cuts and capital allowance changes.¹ However, its central architectural proposal, the Tax Value Method, was ultimately abandoned. While technically ambitious, it failed to build sufficient stakeholder consensus and was judged too complex and politically risky to pursue wholesale.²

2003

2008–10: Australia's Future Tax System (Henry Review)

The Henry Review presented a comprehensive blueprint for reforming Australia's tax and transfer system.³ While selected elements were implemented, most systemic recommendations were not adopted. Visible losers, technical complexity, federal-state veto points and post GFC uncertainty combined to make broad reform unviable.

2008

2012–14: Minerals Resource Rent Tax (MRRT)

The MRRT applied to a limited subset of mining projects but with expanded deductions. Ongoing industry resistance, weak public legitimacy and falling commodity prices contributed to its repeal.

2013

2015–16: Tax White Paper

The Tax White Paper process was intended to initiate comprehensive reform but was abandoned following a change in leadership and rising electoral caution.⁵ Insufficient time was available to build public understanding or support for major changes.

2018

2018: Corporate Tax Cuts

Corporate tax cuts were partially implemented for smaller firms, but the broader package was blocked in the Senate as the benefits were perceived as distant and uneven, while the political costs were immediate and concentrated. In the absence of broader legitimacy, the reform became vulnerable to attack and was ultimately abandoned.

¹ Ralph, J, "Review of Business Taxation", The Treasury, Australian Government, September 1999, <https://treasury.gov.au/review/review-of-business-taxation>.

² Business Council of Australia "Tax Nation: Business Taxes and the Federal-State Divide", April 2007, https://www.aph.gov.au/~media/wopapub/senate/committee/sgfm_ctte/submissions/sub16_attach_E_pdf.ashx.

³ Henry, K, "The Australia's Future Tax System Review", The Treasury, Australian Government, 2010, <https://treasury.gov.au/review/the-australias-future-tax-system-review>.

⁴ Parliamentary Library, 2010. Budget Review 2010-11: Resource super profits tax, Canberra: Parliament of Australia, https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201011/TaxationRSPTax.

⁵ The Treasury, "Re: think", The Treasury, Australian Government, 2015, https://treasury.gov.au/sites/default/files/2019-03/c2015-rethink-dp-TWP_combined-online.pdf

⁶ Anderson, S, "COAG: Malcolm Turnbull withdraws Income Tax Levy proposal after Failing to secure State Support", Australian Broadcasting Corporation, April 2016, <https://www.abc.net.au/news/2016-04-02/coag-leaders-fail-to-reach-income-tax-agreement/7292514>.

REFORM MATRIX

Note: A tick (✓) indicates that the barrier materially contributed to the outcome. Outcome descriptors are indicative only.

Reform episode	Political incentives & electoral risk	Complexity, communication & public perception	Federalism	Macroeconomic uncertainty	Outcome
Ralph Review of Business Taxation (1999–2000)	✓	✓			Partial
Promised income tax changes (2007)	✓				Not implemented
Henry Review (2008–10)	✓	✓	✓	✓	Partial
Resource Super Profits Tax (2010)	✓	✓	✓	✓	Abandoned
Minerals Resource Rent Tax (2012–14)	✓	✓	✓		Repealed
Carbon Pricing Mechanism (2014)	✓	✓			Partial
Abbott Tax White Paper (2015–16)	✓	✓			Abandoned
Turnbull State/Federal income tax (2016)	✓	✓	✓		Abandoned
Turnbull GST proposal (2016)	✓	✓	✓		Abandoned
Turnbull corporate tax cuts (2018)	✓				Partial

3

WHY WE NEED TAX REFORM MORE THAN EVER

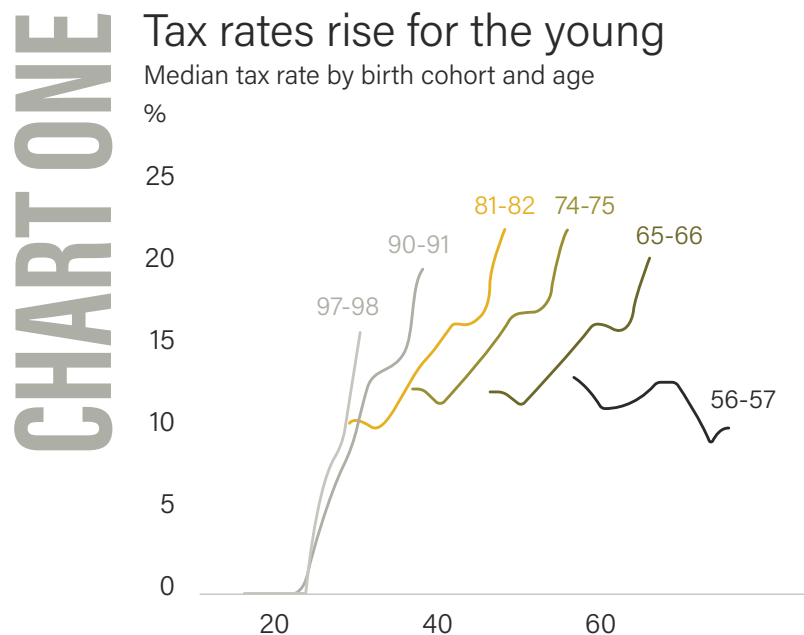
The matrix on the previous page shows that reform failure over the last 25 Years is rarely attributable to a single factor. It has been the interaction of barriers that has consistently undermined reform ambition. As a result, the weaknesses of Australia's tax system are intensifying rather than stabilising. Demographic change, weak productivity growth and the structure of the tax base are interacting in ways that increase pressure on households, governments and future generations¹. Analysis from the e61 Institute shows that the consequences are visible across three dimensions: fairness, growth and raising revenue efficiently.

Fairness and intergenerational equity

Australia's tax and transfer system is placing an increasing burden on working-age Australians. While earlier cohorts benefited from large one-off capital gains associated with relatively low interest rates and rising asset prices, these gains accrued disproportionately to asset holders and have translated into lasting wealth advantages.

As Chart One shows, younger birth cohorts face higher median tax rates at the same ages than earlier cohorts, potentially indicating a rising lifetime tax burden over time.

At the same time, uncertainty about future income growth heightens perceptions of unfairness. Without reform, these dynamics risk entrenching intergenerational inequality and undermining fairness.



Source: ABS; e61

¹ The Treasury, 2023 Intergenerational Report, Australian Government, August 2023, <https://treasury.gov.au/publication/2023-intergenerational-report>.

Future opportunity and productivity growth

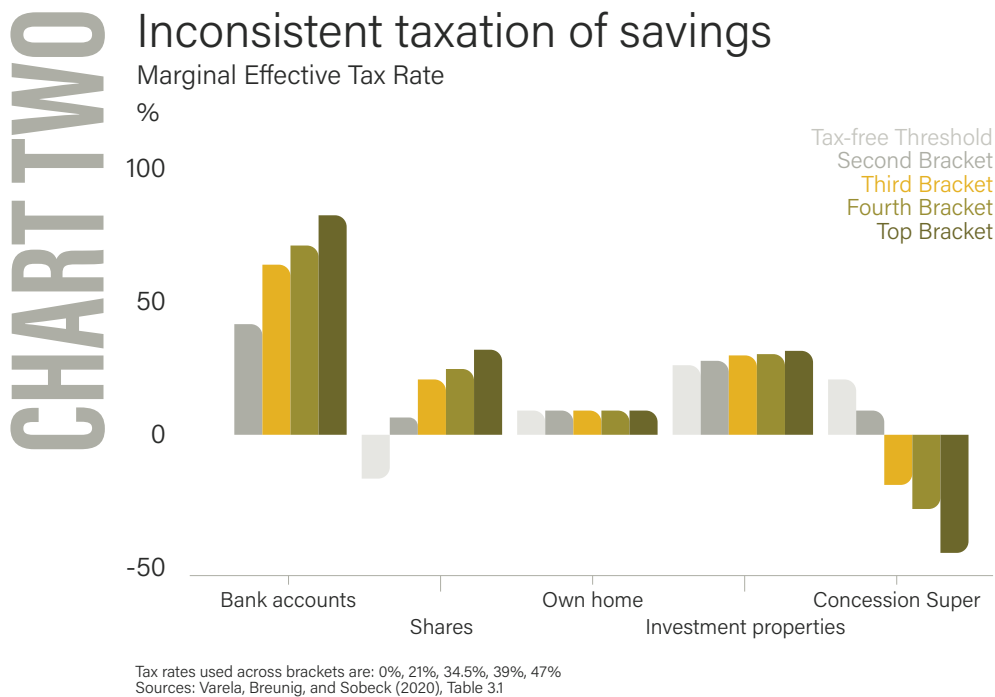
Labour productivity growth in Australia has slowed markedly over recent decades. While tax reform alone cannot reverse this trend, the tax system plays a material role in shaping investment decisions, capital allocation and risk-taking.

Chart Two shows that Australia's marginal effective tax rates vary sharply by asset type, and income bracket, with bank accounts and shares facing high positive tax rates, while owner occupied housing, investment property and superannuation receive substantial tax concessions.

These differences become more pronounced at higher tax brackets, highlighting how the tax system favours certain forms of saving and investment over others and creates uneven incentives across the economy.

This inconsistent taxation of savings and investment can distort behaviour, encouraging leverage and steering resources towards tax-advantaged but less productive uses.

Over time, these distortions reduce innovation and limit economic opportunity. A tax system that better supports productive investment is central to improving Australia's long-term growth prospects.



Funding government services efficiently

Demand for government services is rising as expectations around health, disability and care expand, geopolitical pressures intensify, and technological disruption starts to grip. Responding to these shifts will put increasing demands on our revenue base. As our population ages, health spending alone is due to rise from 7 per cent of GDP in 2023 to nearly 10 per cent by 2063 – equivalent to nearly double the amount currently spent on the NDIS.

Meeting these pressures will require continued reform on both the spending and revenue sides of both state and federal budgets. However, the challenge is not only the quantum of revenue required, but how efficiently it is raised.

Taxes impose economic costs beyond the revenue collected by distorting decisions about work, saving and investment. As spending pressures grow, reliance on narrow or distortionary taxes will increase these costs.

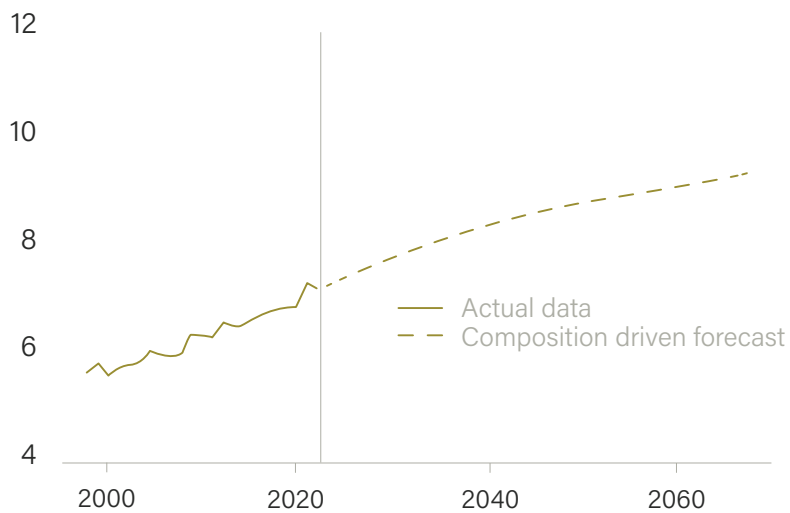
Chart Three shows that different taxes impose very different economic costs per dollar of revenue raised, with stamp duties, insurance taxes and payroll taxes generating the highest excess burdens, meaning they are among the most distortionary taxes in the system. By contrast, land tax, GST and resource rent taxes have much lower excess burdens, indicating they raise revenue more efficiently with less damage to economic activity.

Improving the efficiency of revenue raising can reduce the economic burden of funding the increased demand for government services, while maintaining service provision.

CHART THREE

Forecast health spending growth

Consolidated growth forecast from population composition changes
Spending as a share of GDP, %

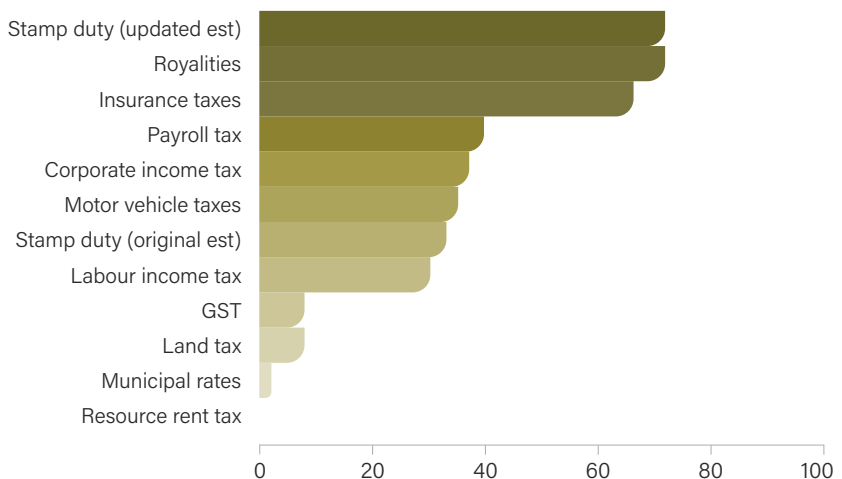


This chart uses IGR 2023 data to project forward consolidated health spending as a share of GDP. The composition driven forecast assumes that the rate of spending for each age group (% GDP per % population) remains constant.
Sources: ABS; AIHW; e61; Treasury

CHART FOUR

State taxes are relatively inefficient

Marginal Excess Burden (cents per dollar raised)
%



*Estimates from KPMG (2010) report for the Australia's Future Tax System Review.
** Updated Stamp Duty Estimates used by PBO come from Cao et al (2015)
Sources: KPMG Econtech; PBO

WHY TODAY'S CONTEXT IS DIFFERENT

4

Today's fiscal, demographic and geopolitical context is materially different from earlier reform episodes. Population ageing is accelerating, health and care costs are rising, and the climate transition is reshaping investment patterns and public expectations. At the same time, geopolitical uncertainty and more volatile economic conditions are placing a premium on fiscal resilience. These forces do not operate in isolation; they compound one another, increasing pressure on the tax system from multiple directions at once. In many cases, addressing these pressures may require governments to reconsider how revenue is raised, making the political calculus around reform more complex than in earlier periods when compensation or tax reductions could more easily accompany change.

Yet, public debate is also shifting. Concerns about intergenerational fairness, stagnant productivity, housing affordability and the sustainability of government services are now central to national discussion. Questions about who pays, how much, and for what purpose are no longer confined to policy specialists and are increasingly part of mainstream political conversation.

Importantly, there are signs that the tone of this debate is also improving. Across business, the social sector and the research community, there is growing recognition that trade-offs are unavoidable and that incremental adjustment will not resolve structural weaknesses. While reform risk remains high, the costs of inaction are becoming harder to ignore.

This convergence of fiscal pressure, public awareness and cross-sector recognition creates a narrow but meaningful window. The challenge is ensuring that this moment does not become another false start. Without durable structures to channel debate constructively, align expectations, and sustain momentum beyond individual reform proposals, the risk is that we default once again to caution and fragmentation.



5

A NATIONAL TAX REFORM ROADMAP

If Australia is to move beyond incremental adjustment and make progress on structural tax reform, the conditions under which reform is debated and advanced must change in ways that directly address the barriers identified in this report.

In response to political incentives and electoral risk, reform needs broader and more visible legitimacy beyond government alone. Because tax changes are easily weaponised and inevitably create identifiable losers, responsibility for reform cannot rest solely with governments at moments of peak political exposure. Reform is more likely to proceed when there is demonstrable support across the community, allowing political risk to be shared rather than concentrated.

Green Shoot Examples: Community Tax Summit of 2025

In response to complexity and communication challenges, reform requires sustained, informed engagement rather than episodic announcements. The technical density of the tax system and the abstract nature of economic arguments make it difficult to build public understanding in the absence of ongoing dialogue. Without forums that allow trade-offs to be explained, tested, and explained meaningfully to different stakeholder groups and revisited over time, reform proposals remain vulnerable to scare campaigns and simplification, regardless of their underlying merits.

Green Shoot Examples: National Amplification on Housing, Tax Green Paper

In response to institutional constraints created by federalism, reform efforts must be durable and coordinated across jurisdictions. Fragmented responsibilities, multiple veto points and intergovernmental bargaining mean that reform cannot be confined to single policy moments or isolated proposals. Progress depends on maintaining alignment, shared expectations and momentum across governments with different incentives and electoral cycles.

Green Shoot Examples: National Cabinet, Economic Reform Roundtable

In response to macro-economic uncertainty, reform requires discipline and continuity. In an environment characterised by frequent shocks and overlapping pressures, reform agendas are easily crowded out by short-term stabilisation priorities. Without shared commitments, agreed guardrails for debate and mechanisms that sustain focus over time, reform efforts are prone to delay and drift even when the case for change is well understood.

Clear timelines and structured processes can also help sustain reform momentum. Working towards defined milestones creates shared expectations about progress, encourages continued engagement from the community, and provides a degree of accountability that is often absent from more open-ended reform debates.

Green Shoots: Intergenerational Report, Productivity Commission Inquiries

Taken together, these barriers suggest that successful tax reform depends not only on sound policy design, but on durable civic infrastructure that can support legitimacy, understanding, coordination and continuity simultaneously.

This is why McKinnon is proposing the development of a **National Tax Reform Roadmap**.

Rather than prescribing outcomes or policy positions, the Roadmap would provide a lasting but flexible framework through which participating organisations from business, civil society, unions and academia can agree principles for how reform should be pursued, commit to constructive engagement, and participate in a standing forum for considered discussion of reform ideas as they develop.

The Roadmap could help to deliver three things:

- **Legitimacy** — by bringing together leaders from business, civil society and research who are prepared to engage constructively and accept that trade-offs are unavoidable.
- **Better debate** — by encouraging disciplined communication, evidence-based discussion, and a shared code of conduct that resists polarisation and oversimplification.
- **Durability** — by sustaining engagement over time, rather than concentrating reform risk at a single political moment.

By convening a public principles-based commitment to support a credible reform conversation over the medium term, a Roadmap can help distribute responsibility for reform more broadly across civil society, reduce the political isolation of governments, make it easier for serious proposals to be advanced, and areas of consensus to emerge.

In the coming months, McKinnon will begin convening this work — bringing together leaders across business, civil society and the policy community to test and work through how a more durable reform architecture might be established.



6

CASE STUDIES

Income Tax Cuts Reform (2019-2024)

The redesign of the Stage Three income tax cuts illustrates how reform can proceed when policy design adapts to changing economic conditions and political constraints. Originally legislated in 2019, the reforms were intended to flatten the personal income tax scale and reduce bracket creep. By the time Stage 3 of the reform was scheduled to take effect in 2024, however, inflation, wage growth and cost-of-living pressures had significantly altered the economic context. The Albanese government chose to redesign the package rather than abandon it, expanding tax relief for low- and middle-income earners.

The redesign addressed the barrier of **political incentives and electoral risk** by spreading benefits across a broader share of taxpayers and reducing concentrated losses that might otherwise provoke opposition. It also responded to challenges of **complexity and communication** by framing the changes around fairness and cost-of-living pressures rather than technical tax design.

At the same time, the adjustment reflected the role of **uncertainty** in shaping reform outcomes. Rather than attempting a comprehensive redesign of the tax system during a period of economic volatility, the government modified an existing reform to better align with contemporary economic conditions, allowing the policy to proceed.

New Zealand Tax Reform (2010)

New Zealand's 2010 GST reform illustrates how politically difficult tax reform can succeed when the barriers identified in this report are addressed directly. The government increased the GST rate while simultaneously cutting personal income taxes and providing targeted compensation for low-income households. By making trade-offs explicit and ensuring that losses were offset, the reform reduced concentrated opposition and helped manage the **political incentives and electoral risks** that often destabilise tax reform.

The reform also addressed challenges of **complexity and communication**. Rather than presenting the GST increase in isolation, the government framed the reform as a clear tax-mix switch, higher consumption taxes combined with lower income taxes – supported by consistent public messaging and transparent compensation arrangements.

Institutional design played an important role in managing reform risk. The changes emerged from a structured policy process, which emphasised consultation, expert input and staged policy development. This helped build credibility around the reform and ensured proposals were tested and refined before implementation.

Finally, the reform benefited from relatively favourable conditions. Because the tax switch was broadly revenue-neutral and implemented from a strong fiscal position, the government was able to offset the GST increase with reductions in income taxes. This helped reassure households that the reform was not simply a revenue-raising measure and made it easier to sustain political support. Similar dynamics were present in Australia's introduction of the GST in 2000.

CONCLUSION: FROM FALSE STARTS TO A REFORM PATHWAY

7

Over the past 25 years, Australia has experienced at least ten major tax reform episodes, spanning multiple governments and economic conditions. In each case, the need for reform was acknowledged and the analytical case was well understood. Yet in most instances, reform stalled, was diluted, or failed to endure. The accumulation of these episodes points to a persistent pattern rather than a series of isolated setbacks.

As this report has demonstrated, that pattern is largely explained by four recurring barriers: political incentives and electoral risk; the complexity of the tax system and challenges in communication; institutional constraints arising from federalism; and uncertainty that favours short-term management over long-term restructuring. Different reform attempts have encountered different combinations of these barriers, but none has successfully addressed them in a sustained or coordinated way.

Ultimately, the central through-line of the past quarter-century is that tax reform has been pursued in ways that repeatedly expose it to failure. Because of this, future reform efforts are unlikely to succeed unless greater attention is paid to the conditions in which reform is debated, developed and sustained.

Against this backdrop, the idea of a National Tax Reform Roadmap is being taken forward by McKinnon as a way of responding to the lessons set out in this report. The purpose of exploring such an approach is to consider how legitimacy might be broadened beyond government alone, how shared understanding of trade-offs could be built and maintained, how coordination challenges might be eased, and how momentum might be sustained in an environment prone to distraction.

The current moment underscores the importance of learning from past experience. Fiscal pressures are intensifying, public concern about fairness and opportunity is growing, and there are signs of a more mature conversation emerging across sectors. Taking forward new ways of supporting reform debate and engagement is not a guarantee of success. But it is a necessary step if the next phase of tax reform is to avoid becoming another false start.

8

METHODOLOGY

This report draws on a qualitative analysis of Australia's experience with major tax reform efforts over the past 25 years, complemented by targeted stakeholder engagement undertaken by McKinnon.

The analysis was conducted in three stages.

First, a structured review of relevant literature and reform episodes was undertaken. This included examination of major tax reviews, policy proposals, government processes and reform attempts since the introduction of the GST in 2000, as well as associated public commentary and analysis from government agencies, independent institutions and academic sources. The purpose of this review was not to reassess the technical merits of individual policy proposals, but to identify recurring patterns in how reform has been pursued, contested and, in many cases, stalled or reversed.

Second, the report undertook a comparative analysis of reform outcomes to identify common drivers of failure. Each major reform episode was assessed against a consistent set of factors, including political incentives and electoral risk, complexity and communication challenges, institutional constraints arising from federalism, and broader uncertainty. This comparative approach informed the development of the Reform Matrix, which is intended to highlight patterns across episodes rather than provide definitive judgements on individual reforms.

Third, the analysis was informed by stakeholder engagement undertaken by McKinnon. These engagements focused on experiences of past reform efforts, perceptions of why reform has repeatedly faltered, and views on what conditions would be necessary for future reform to be durable. Insights from these discussions were used to test and refine the analytical findings from the literature review.





Level 11
90 Collins Street
Melbourne VIC 3000

mckinnon.co