



The Liberal Democrats support significant tax cuts in conjunction with a major reduction in government expenditure.

### Policy

The Liberal Democratic Party (LDP) aims to:

- Substantially cut taxes.
- Ensure that no government in Australia increases its overall tax take.
- Ensure limited government, responsible budget management, and a decentralised federation.

The LDP will seek to:

- Limit the federal government to defence, immigration, basic public services (eg passport services, regulation of hazardous materials, air and sea transport regulation), and assistance to the least well off.
- Stop all transfers from the federal government to other levels of government, including grants from the pool of GST revenues.
- With the associated savings, cut federal taxes by more than half, through:
  - lifting the tax-free threshold to \$40,000, cutting personal tax rates to a flat 20%, and cutting the company tax rate to 20%; and
  - abolishing tobacco, alcohol and fuel taxes, import tariffs, carbon pricing and mineral resource rent taxation.
- Limit state governments to the provision of: police, courts and prisons; fire services; animal control; roads and other transport services; libraries; local amenities; basic public services (e.g. consumer protection, building standards), means-tested vouchers for health and schooling, and welfare services.
- Replace insurance taxes, taxes on vehicles, stamp duties on property transfers, along with various other nuisance taxes collected at the state level with less inefficient taxes, while ensuring that the overall level of a state or territory's taxes as a proportion of state GDP declines over time.

## **Guiding Principles**

The LDP believes that the best course for Australia is a low tax future.

The LDP believes that taxing income is perverse. It discourages Australians from working and saving, impedes investment, and imposes unnecessary compliance costs on individuals and businesses.

The LDP opposes the nanny state. Taxes on tobacco and alcohol are discriminatory and bear no relation to any social costs from their use.

The LDP supports motorists. Taxes on fuel and cars far exceed the costs of road construction.

The LDP believes in free trade. Import tariffs increase the cost of living for everyday Australians, increase the input costs for thousands of Australian businesses, and deliver a slow death for protected industries.

The LDP believes that restricting greenhouse gas emissions in Australia in the absence of similar policies by the world's major emitters is harmful to the economy and of negligible environmental benefit. And the LDP believes that the federal government has no role in taxing mineral resources.

The LDP believes that government action should be limited to activities that only it can undertake and that provide net benefits to society, and to targeted support for the least well off, as part of a transition to a culture of self-reliance, community and charity.

The LDP also believes that government is better when it is local. Decentralisation allows government to cater to local preferences and allows competition between governments to drive better services. The current centralised system is perverse, discouraging the states from growing their economies and from delivering services more cost-effectively.