



Comparative writing



Australia and Papua New Guinea

Papua New Guinea (PNG) is a less developed country with a lower Gross Domestic Product (GDP) per capita than Australia. In 2017, the GDP per capita (current US\$) for Australia was \$54,094 compared to \$2,640 for PNG. In 2017, the tax revenue in Australia as a percentage of GDP was 22.1% compared to 12.9% in PNG.

With a lower tax revenue than Australia, the government of PNG finds difficulties in providing safe water supplies, sanitation and electricity throughout the country. Education is not free or compulsory and provision of education and health care services has not kept pace with population growth. As there is no social security in PNG, people rely on their family and village community for welfare support. The difficulties faced by the government of PNG in providing public services and welfare assistance has an impact on measures of human wellbeing.

Australia and Sweden

Australia and Sweden are both Organisation for Economic Co-operation and Development (OECD) countries with similarly high levels of income per capita. In 2017, the GDP per capita (current US\$) for Australia was \$54,094 and \$53,253 for Sweden. However, Australia and Sweden differ in their total tax revenue and approach to welfare assistance. In 2017, Australia's tax revenue as a percentage of GDP was 22.1% compared to 44.0% in Sweden.

In many OECD countries, the total tax revenue includes social security contributions paid by employees and/or employers in addition to income tax paid on earnings. These social security payments are contributions towards welfare

services and benefits. In Sweden, employers pay 31.42% of gross salary as social security contributions with individuals paying 7% of their income towards their pension. In Australia, there are no 'social security contributions' as such but employees pay a 2% levy on their income towards Medicare and employers contribute at least 9.5% of an individual's income to a private superannuation fund. As a result, rates of tax and social security contributions in Sweden are higher than in Australia.

Australia and Cuba

Australia and Cuba have very different levels of income per capita. In 2017, the GDP per capita (current US\$) for Australia was \$54,094 and \$8,541 for Cuba with most individuals in Cuba not paying tax.

Unlike Australia, Cuba has a centrally planned economy in which the government owns and runs most industries and employs the labour force at low wages. In 1959, the Cuban government abolished most taxes, but the low wage rates and the revenue from the state-run industry enabled the government to finance the provision of housing, universal access to free health care and education, public pensions, and financial help for vulnerable groups. The Cuban government also trained education and medical professionals emphasising community participation in the health and education services. As a result, Cuba with a relatively low GDP per capita has very high levels of literacy, good access to water and sanitation and good health care with low levels of infant mortality and high life expectancy.

However, after the fall of the Soviet Union in 1991, Cuba lost a major source of financial assistance and has since introduced social security contributions and a greater range of taxes including income tax.