Speech by

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MEMBER FOR MOGGILL

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REVENUE AND OTHER LEGISLATION AMENDMENT BILL

Dr WATSON (Moggill—Lib) (5.38 p.m.): I rise to speak briefly on the Revenue and Other Legislation Amendment Bill 2002. In doing so, I wish to address two aspects: firstly, the amendments to the Debits Tax Act; and, secondly, the amendments to the Pay-roll Tax Act.

During the debate on the Duties Bill last year, I said that I thought we would be coming back and changing it from time to time for a couple of reasons. One was that I thought there would be some unanticipated consequences or, if the consequences had been anticipated, there would be an effective broadening of the stamp duties base and that this would also cause some problems. It came about simply because of the way the bill was conceived, namely, by including a very broad definition of transactions and using other sections of the bill to constrain the application of that very broad definition to individual circumstances. Since that time I have had discussions with a number of people in business and primary industry about the way they have been structuring some of their affairs. I must admit that I have advised them to speak with their tax accountant or lawyer before the end of this financial year, because some of the things they have done in the past at the end of the financial year, it seems to me, are likely under the new act, which took effect on 1 March this year, to be caught by that act.

The sorts of things I expressed concern about during the debate on that bill will come to the fore and we will see more issues arising after 30 June this year. In this case, though, I recognise that the changes to the Duties Bill are basically because of changes to federal legislation and these are consequent and necessary changes in the state legislation, as are some of the definitional changes. However, I suspect we will find more issues like this associated with the Duties Bill stemming from its application to business circumstances once we see the end of this financial year.

The second issue that I wish to touch on is an issue the Leader of the Opposition expressed concern about and is a concern that I have expressed previously in this parliament, namely, the expansion of the tax base for payroll tax purposes. Since the 1998 election, under Beattie Labor governments we have had three significant expansions in the payroll tax base. The first was the inclusion of superannuation in the base and now two others are included in this bill. Termination payments will be expanded to include gratuitous payments, and also included is the grossing up of fringe benefits.

Those are significant expansions. The most significant is probably the inclusion of superannuation, which added some seven per cent originally to the base but has subsequently gone to eight per cent and, from 1 July this year, will go to nine per cent. Consequently, even when this bill becomes an act and the rate of payroll tax falls to 4.75 per cent, the effective payroll tax take will be higher on 1 July 2002 than it was on 1 July 1999. If we apply the new tax rates to the expanded payroll tax base, which includes superannuation, and we take that tax as a percentage of the payroll base as it would have been in 1999, we will see that the effective tax rate today is over five per cent, at roughly 5.18 per cent.

Even though there has been a reduction in the nominal rate of payroll tax, the mere fact that we have included superannuation in the payroll tax base at the new percentage as of 1 July this year of nine per cent means that the effective payroll tax rate has gone up by about 3.5 per cent over that period. That is what has happened. That increase is before we even include any increase through the inclusion of termination payments in the base and any increase as a result of the grossing up of fringe benefits tax.

What we have seen from this government and the previous Labor government has been an effective increase in the taxation being applied to businesses in this state. We are worried about issues such as employment and 'jobs, jobs, jobs'—and I note that is no longer a mantra of the Premier—yet one of the sure ways to discourage businesses from investing and employing people is to increase their effective rate of taxation. That is what this government is doing.

In a couple of weeks time the budget will be brought down. I am sure the Treasurer or the Minister for Employment, Training and Youth and Minister for the Arts will speak about the great job creation programs that this government will put in place in the next financial year, about the jobs created by the government's Capital Works Program and about the jobs created in all sorts of areas because of the government's employment incentives. However, at the same time, the government is inhibiting job creation by taxing the major job creator in the state, that is, business.

The government cannot have it both ways. Government members cannot be congratulating themselves on the expenditure of taxpayer funds on job creation programs but at the same time taking from business extra taxes, particularly payroll tax, which is a tax on jobs. The fact of the matter is that at the margin that increase in taxation will cost jobs in some businesses. It will stop some businesses putting on extra people and, in that way, will produce an effective rise in the unemployment rate and an effective lowering of the number of jobs created in the economy.

I support what the Leader of the Opposition will say during the committee stage. The fact of the matter is that, in spite of the rhetoric and the nominal reduction to 4.75 per cent from 4.8 per cent in the payroll tax rate, the effective taxation rate on businesses will go up. This bill, together with the increase in the superannuation payments that is necessary from 1 July, will mean that businesses, with the same number of employees, exactly the same payroll and distribution of payroll between wages, superannuation and fringe benefits, will be paying more from 1 July 2002 than they were in July 1999. That is the real test. We will not be able to go to any firm in Queensland in that situation and find that it is paying less tax. It is as simple as that.

This is an attack on jobs and a disincentive for employing people and investing in Queensland. If the government is serious, it ought to address this and ensure its taxation policy is consistent with its jobs mantra and its spending of taxpayers' money on job creation programs. It would not have to spend as much were it not destroying jobs through the taxation of businesses. It is as simple as that. I am sure the Leader of the Opposition will be pursuing that issue during the committee stage, and the Liberal Party will be supporting action with respect to that matter.