



Speech by

Liz Cunningham

MEMBER FOR GLADSTONE

Hansard Wednesday, 10 November 2004

PAY-ROLL TAX ADMINISTRATION AMENDMENT BILL

Mrs LIZ CUNNINGHAM (Gladstone—Ind) (11.45 a.m.): In the minister's second reading speech he explained that the bill would significantly simplify the process in line with developments in other states and that, under the new system, employers would continue to work out and pay their payroll tax periodically throughout the year. I understand that that is usually on a monthly basis. However, their existing periodic returns with wage details would be replaced by a simple preprinted payment slip. Other speakers have referred to the onerous paperwork trail that the GST has imposed on companies. Any simplification of returns, provided that that does not lead to problems further down the track in relation to underestimating or overestimating the payroll tax obligation, would be welcome. The minister also explained that no wage details need to be supplied at the time of lodgment and that for those who pay their payroll tax electronically, no paperwork would be required, but that there would be one return at the end of the year.

The only feedback that I have received from my electorate in relation to the payroll tax issue has been one that I think the member for Glass House alluded to, and that was an objection to payroll tax in its entirety. One company contacted me when the *Australian Financial Review* reported on a record surplus for Queensland. The article in the *Australian Financial Review* states—

The massive windfall announced by Treasurer Terry Mackenroth—the \$3.34 billion operating surplus is the largest in the state's history—reflects an emerging split between states in economic performance.

This particular company that contacted me suggested that, on the basis of the strong economic growth in Queensland, there be a review of payroll tax, particularly with a view to reducing or abolishing it. The companies that contacted me said that they found that payroll tax was a barrier to increasing employment. One particular company received a letter of congratulations from the Premier for hiring apprentices and trainees. That company then found itself—not just because it had hired apprentices and trainees—over the threshold in terms of having a payroll tax obligation. That company's comment to me was that payroll tax, particularly once companies get close to that threshold, really means that small companies in particular review their work force, review their business expansion and really consider very hard whether they want to take the next step in terms of increasing employment.

So I raise that matter with the minister. I am sure that the Treasurer is aware of it, but these smaller companies genuinely said that they are going to continue to review their work force size because, as their wages bill increases, the area of exemptions decreases and their payroll tax obligation increases. I feel that it is important to place on the record that these small companies—and they would not be alone—feel that payroll tax is a disincentive to increased employment.

Whilst those companies do not have any problems with paying reasonable dues and reasonable obligations, they reiterated in a number of instances that they saw payroll tax as a disincentive to increased employment. However, I commend the minister for any clarification, simplification, and reduction in the workload as far as paperwork is concerned that this legislation will bring into place.