



Speech by

**Michael Choi**

**MEMBER FOR CAPALABA**

Hansard Wednesday, 7 June 2006

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## REVENUE LEGISLATION AMENDMENT BILL

**Mr CHOI** (Capalaba—ALP) (2.59 pm): I rise to speak in support of the Revenue Legislation Amendment Bill 2006. In doing so, at the outset I congratulate the Deputy Premier and Treasurer for delivering to Queensland a responsible and visionary budget—a budget that is fiscally responsible to maintain our AAA—

**Mr SPEAKER:** Member for Capalaba, you are not supposed to discuss the budget.

**Mr CHOI:** Thank you, Mr Speaker—

**Mr SPEAKER:** For my wisdom and my guidance.

**Mr CHOI:** Absolutely. The Revenue Legislation Amendment Bill is excellent news for Queenslanders. It amends the Land Tax Act 1915, the Pay-roll Tax Act 1971 and the Duties Act 2001. From purely a business perspective, I can say that payroll tax has been regarded by the business sector as an extra burden on business. It has also been argued that payroll tax is a punishment for people having large businesses. There has been a consistent call for payroll tax to be abolished. Although I understand the concern expressed by businesses, payroll tax is a major revenue source for the state. It is unlikely that any state government, regardless of its political persuasion, will abolish payroll tax in the short term. In fact, if a state abolishes that tax, it would then have to find other sources of revenue to compensate for the loss of revenue that is generated by payroll tax. Queensland invests heavily in infrastructure as well as in education and training. In my view, those services provide the essential ingredients for business—infrastructure and human resources. I hope that businesses view payroll tax as essential for business building.

Compared to other states, Queensland has the lowest payroll tax rate of 4.75 per cent. In New South Wales the rate is six per cent and in Victoria it is 5.15 per cent. Over the past few years Queensland has experienced very strong growth in the labour market and that trend is expected to continue well into the future. As a consequence of the wonderful performance of the Beattie Labor government, there has been a substantial increase in the number of employers liable for payroll tax. In more recent times, the impact of payroll tax on businesses has been moderated by the application of the higher threshold, a tapered deduction system and incremental reductions in the payroll tax rate from five per cent in the 1999-2000 year to the current rate of 4.5 per cent.

Having said all of that, in the absence of further payroll tax relief many employers would still be entering the payroll tax regime for the first time after 1 July. This bill delivers payroll tax relief from 1 July 2006. The exemption threshold has been increased from \$850,000 to \$1 million. The maximum payroll at which taxpayers receive a deduction has been increased from \$3.4 million to \$4 million.

I also take this opportunity to thank the members of the Queensland Small Business Advisory Council—a council which I chair on behalf of Minister Cummins. I believe that this council has offered extremely good advice to the government in the past and will continue to do so in the future. I recall at the beginning of this year the council had a detailed discussion regarding the payroll tax regime in Queensland. On behalf of the council, I wrote a letter to Minister Cummins requesting a review of the

threshold of payroll tax which, I believe, he forwarded to the Treasurer. On behalf of the council, I take this opportunity to thank the minister and the Treasurer for taking the advice of the council.

After the council discussed this issue, one of the council members came to me and asked, 'What's the point? Would the government listen?' I told him that this government is very transparent and accountable and that it would take the advice very seriously. I thank the council members for offering this advice to the government because, clearly, the government has listened.

This bill also amends the Land Tax Act 1915 by increasing the tax-free threshold for resident individuals from \$450,000 to \$500,000. In closing, can I say that Queensland continues to be a state that encourages business investment. I am very pleased to support the bill.