



Speech By
Hon. Curtis Pitt

MEMBER FOR MULGRAVE

Record of Proceedings, 2 June 2015

**PAYROLL TAX REBATE, REVENUE AND OTHER LEGISLATION AMENDMENT
BILL**

Second Reading

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships) (12.27 pm): I move—

That the bill be now read a second time.

I thank the Finance and Administration Committee for its report tabled on 22 May 2015 regarding the Payroll Tax Rebate, Revenue and Other Legislation Amendment Bill 2015. I also thank those who made submissions to the committee about the bill and those who appeared as witnesses as part of the committee's inquiry. This bill does many things. Notably, this bill allows for the delivery of the government's election commitment to provide a 25 per cent payroll tax rebate for apprentices and trainees, and this bill enacts our election commitment to restore high standards to the plumbing industry.

The payroll tax rebate measure will provide an incentive to employers to hire apprentices and trainees, and will tackle youth unemployment by opening up secure jobs and training opportunities for young Queenslanders. It will also help us to develop a highly skilled workforce to support the strong pursuit of economic growth for Queensland in coming years.

The government's allocation for the rebate of \$45 million over three years is forward looking and is an investment in the future of Queensland. As it is estimated that businesses eligible for the payroll tax rebate employ more than half of Queensland's private sector workforce, this measure will benefit not only employers and the apprentices and trainees they employ but also the broader economy through reduced expenses. This bill also removes ambiguity over who may install water meters. Through ensuring that after a transition period only licensed plumbers are able to do so, this bill restores the high safety standards that this work warrants. I note that, while the committee was unable to reach agreement on all issues, including whether to recommend the bill be passed, the government members accepted that the bill should pass. Further, the committee agreed upon five recommendations which it considered would enhance the practical operation of the amendments and ensure that stakeholders' concerns are addressed. I am pleased to table the government's response to the committee's report.

Tabled paper: Finance and Administration Committee: Report No. 3, 55th Parliament—Payroll Tax Rebate, Revenue and Other Legislation Amendment Bill 2015, government response [\[497\]](#).

In tabling the government's response, I am confident that I can remove any residual concerns for any of my fellow members of parliament in supporting the passage of the bill. Honourable members will recall from my explanatory speech upon the introduction of the bill on 27 March 2015 that the bill amends the Criminal Law (Criminal Organisations Disruption) and Other Legislation Amendment Act 2013, the Duties Act 2001, the Environmental Protection Act 1994, the Financial Accountability Act 2009, the First Home Owner Grant Act 2000, the Payroll Tax Act 1971, the

Plumbing and Drainage Act 2002, the Taxation Administration Act 2001 and the Water Supply (Safety and Reliability) Act 2008 for particular purposes. Four of the committee's five recommendations relate to amendments to the Duties Act 2001 to give effect to the concession for agreements for the transfer of exploration authorities under certain resource sector farm-in agreements. I turn to those first.

The committee's first recommendation is for Queensland Treasury to undertake an education and awareness campaign, providing a detailed explanation about how the farm-in concession operates. I am pleased to accept that recommendation. As outlined in the government's response to the report, once the amendments are passed, the Commissioner of State Revenue will engage with industry to develop and deliver an appropriate education and awareness campaign at the earliest possible opportunity. As the committee anticipates in its report, I agree that this approach will further clarify the scope and operation of the concession, as requested in industry submissions to the committee. This, in turn, will ensure that industry and, in particular, the junior exploration sector, which the concession seeks to benefit, can operate with certainty as to the availability of the concession when negotiating their arrangements.

The committee's second recommendation is for Queensland Treasury to prepare and publish a public ruling confirming the administrative approach to the qualifying criteria for the farm-in concession requiring the spending of a stated amount under the agreement. Again, I am pleased to accept this recommendation to ensure taxpayer certainty on this issue. As tabled in the government's response to the committee report, the commissioner will develop and publish this ruling as soon as possible after the amendments are passed and will consult industry in doing so. The ruling will include clear examples of the types of agreements which will qualify for the concession where a dollar amount is stated or able to be calculated by reference to objective and ascertainable evidence. It will also provide examples of solely milestone or outcome based agreements, which will not qualify for the concession.

The committee's third recommendation was that I consider issues raised by the Queensland Law Society as to whether an amendment to section 84G(1) of the Duties Act 2001 is warranted to ensure that the meaning of that section, as articulated in the explanatory notes, is clear. I have confirmed that the Office of State Revenue remains of the view, following consideration of the issue raised with the committee, that no further amendment is required to make it clear that section 84G deems the type of dutiable transaction for a farm-in agreement to be an agreement for transfer. OSR has consulted the Office of the Queensland Parliamentary Counsel in forming this view. I am, therefore, satisfied that no further amendment is required.

The final recommendation by the committee relating to the farm-in concession was that I consider stakeholder views about extending the 30-day notice provision for proposed section 84L of the Duties Act 2001 to cater for circumstances where disputes may arise between the parties as to whether the circumstances giving rise to the notice requirement have occurred. A 30-day lodgement period is the standard period under the Duties Act 2001 for parties to lodge with the commissioner materials required for assessment. Section 84L requires provision of a notice by the farmee to the commissioner and lodgement of the farm-in agreement within 30 days after a farmee under an up-front farm-in agreement fails to spend all or part of the exploration amount. The question of whether there has been a failure to spend all or part of the exploration amount is a question of fact. As the obligation to notify rests with the farmee, that party is well positioned to determine whether this has occurred.

A range of existing notification obligations exist across Queensland's revenue legislation, requiring notice from a range of taxpayers. Examples are provided in the government's tabled response to the report. Factual disputes could exist as to whether the circumstances requiring many of these notifications have occurred; however, it does not mean that the parties are unable to comply with the notification requirement. They would merely indicate the existence of the dispute in giving notice. I am satisfied that there are no issues with the existing notice provisions in relation to the ability of parties to comply where there is a dispute as to the existence of circumstances for giving notice. On this basis, I am also satisfied that section 84L will likewise be able to apply in that scenario without amendment. However, as indicated in the government's tabled response to the committee's report, the Commissioner of State Revenue will undertake education and awareness with stakeholders on this issue and will publish further guidance if required.

Finally, the committee recommended that consideration be given to investigating additional methods of increasing employment opportunities for apprentices and trainees. I note the committee heard that some stakeholders consider the government's 25 per cent payroll tax rebates on trainees and apprentices could go even further, which is of course a great endorsement of the measure. As a result, the committee recommended that consideration be given to investigating even more ways of increasing the employment opportunities of apprentices and trainees. It is important to note that the

proportion of businesses eligible for the rebate does not, by itself, reflect or capture the scale of benefit the apprentice and trainee rebate will provide. Larger businesses, by definition, employ a greater number of people per business than small businesses. In fact, national data indicates that more than 50 per cent of the private sector workforce is employed by businesses employing 20 or more employees. Therefore, while the proportion of Queensland's small business employment may differ from that nationally, it is estimated that businesses eligible for the payroll tax rebate employ more than half of Queensland's private sector workforce.

The Queensland government is acutely aware of the important contribution made by small business to the Queensland economy and employment. The payroll tax rebate represents just one—but an important—part of the government's Working Queensland plan, aimed at creating greater business confidence and generating jobs. Other specific measures to support apprenticeships and trainees include ensuring 10 per cent of workers on major government projects are apprentices and trainees and establishing Jobs Queensland, an industry led body tasked with advising the government on current and future skills demand and long-term workforce planning, and skills investment.

The government's commitment to job creation as one of its core policy objectives to lead Queensland to a more prosperous and inclusive future includes a range of initiatives aimed at helping all businesses and improving employment outcomes through skills and training. The four-year Skilling Queenslanders for Work initiative is a substantial investment in this area, helping connect people to training and employment that will benefit them throughout their career. As part of the Queensland government's commitment to job creation, the government will continue to investigate additional measures to increase the employment opportunities of apprentices and trainees.

In addition to the committee's recommendation addressed above, the committee did not agree on the proposed amendments to the Criminal Law (Criminal Organisations Disruption) and Other Legislation Amendment Act 2013, the Plumbing and Drainage Act 2002 and the Water Supply (Safety and Reliability) Act 2008. I note that the committee considered these proposed amendments but did not make any recommendations in relation to them.

The amendments to the Criminal Law (Criminal Organisations Disruption) and Other Legislation Amendment Act 2013 are to further delay the commencement of certain provisions that have not yet commenced for a period of 12 months, from 1 July 2015 to 1 July 2016. The provisions that would amend the Electrical Safety Act 2002, the Queensland Building and Construction Commission Act 1991 and the Work Health and Safety Act 2011 would add a significant regulatory burden to the granting of certain occupational licences. Implementing these provisions would cause substantial delays in processing licence applications and renewals, potentially restricting Queenslanders' ability to commence or continue to earn a living in their licensed occupation. Delaying the commencement of these provisions will allow the government task force reviewing all legislation targeting organised crime to consider how the legislation could be amended, improved or replaced to ensure that organised crime across the state is effectively dealt with.

The bill also amends the Plumbing and Drainage Act 2002 and the Water Supply (Safety and Reliability) Act 2008 to implement the government's election commitment to ensure that only fully licensed and qualified plumbers can install water meters in Queensland. The issue of who may install water meters has been contentious for over a decade, with ambiguity in legislation leading to much debate about the need for a licence when undertaking this kind of work. The previous government chose to resolve this ambiguity in favour of water service providers. On 13 May last year, it made amendments that allowed persons authorised by a water service provider under the Water Supply (Safety and Reliability) Act 2008 to install water meters, regardless of whether they were licensed plumbers. This amendment was met with significant opposition from the plumbing industry, who raised concerns about the effect this amendment would have on public health and safety. In particular, stakeholders such as the Master Plumbers' Association of Queensland and the Institute of Plumbing Inspectors Queensland noted that the use of unlicensed persons could lead to a greater risk of cross-contamination.

Unlike the previous government, this government has heeded the concerns of industry and, in its election commitment to restore high standards in the plumbing industry, undertook to ensure that the installation of water meters was returned to the hands of fully qualified and licensed plumbers. This bill delivers on that commitment. It removes an exemption from offences in the Plumbing and Drainage Act 2002 which currently allows an authorised person who is not a licensed plumber to install a water meter. It also amends the definition of plumbing work to make it clear that installing a water meter requires a licence. These amendments will remove the ambiguity around who may install water meters and in doing so the bill will go a long way to restoring the confidence in Queensland's plumbing laws which was eroded under the previous government.

Of course, Mr Speaker, the government recognises that all parties need time to adjust to legislative changes, and the bill makes provision for a two-year phase-in period, which will ensure there is minimum disruption to the industry and consumers while the new arrangements are introduced. Water service providers will have time to make all the necessary preparations, including upskilling their existing employees or procuring the services of a licensed plumber. This transitional period is supported by a range of water industry stakeholders, including the Queensland Water Directorate and Queensland Urban Utilities.

I would like to clear up some confusion today around these components of the bill. I absolutely reject any notion that these measures are included in the bill as part of my involvement in an internal union ballot or some factional dispute conspiracy theory. Any suggestions that this is the case are absolutely false. Have I praised the Plumbers Union of Queensland for its advocacy on behalf of plumbers in Queensland? Absolutely. It was this kind of advocacy, as well as that of the Master Plumbers' Association of Queensland, that led to the development of Labor's policy in opposition. We want to deliver higher professional standards and stronger consumer protection in the plumbing industry and that is what these laws are all about.

In relation to water meters, this reinstatement of the requirement for licensed plumbers is supported by the state's peak industry body, the Master Plumbers' Association of Queensland, as well as the Plumbers Union. This is a longstanding policy commitment that was made in 2014 by Labor while in opposition. Our proposed laws address serious concerns raised by Queensland's plumbing industry about the impact on public safety resulting from the previous LNP government's legislative changes. Unlike those opposite, we will not compromise on consumer safety.

This is an omnibus bill that incorporates a range of legislative amendments that are the responsibility of a number of ministers. The majority of the amendments reflect the Revenue and Other Legislation Amendment Bill that was introduced by the member for Clayfield in late 2014. In relation to concerns raised around remote communities and their access to plumbers, the fact that a community is remote does not change the standards for public safety. These communities are already required to engage plumbers to do all other forms of plumbing work. We continue to look at ways to support and encourage the licensing of tradespeople in remote communities. In fact, requiring a more highly qualified worker to install water meters provides opportunities to develop the skills and increase the future employability of local tradespeople in remote areas. There will be a two-year transitional period to allow the industry appropriate time to adjust to the new arrangements and to ensure business continuity while the changes are implemented. What a sigh of relief compared to the chaos we have seen over the last three years.

These amendments are nothing new. On 6 May last year, over a year ago, I indicated to this House—

The bill will also amend the Plumbing and Drainage Act 2002 to enable 'authorised persons' appointed by a water service provider to install certain water meters. As the minister correctly picked, this is our main area of concern. We will be opposing these elements of the bill and we will repeal those provisions upon returning to government. Labor recognises that plumbing is an important skill, requiring years of training to obtain the necessary qualifications. That is because plumbers do important work. It is very easy to take for granted that when we turn on our taps clean water comes out, but in many places around the world that is not the case.

We could not have been more open and up-front than that. We indicated our intention over a year in advance while in opposition and, of course, we are now sticking to it. We have consulted with industry on this bill. We have listened to the committee and we are delivering on what we promised to do. We are in no way fast-tracking the bill or elements of it. The bill has been considered by the committee and given more consideration than we had often seen under those opposite. In terms of any fast-tracking a certain section relating to the plumbing industry, if those opposite would like to have a look at our election commitment, it was to do these things within our first 100 days in office, which is exactly what we are doing. I thank the committee for its detailed consideration of the bill and I commend the bill to the House.