

PAYROLL TAX REBATE

465. Mrs L.M. HARVEY to the Treasurer:

My question to the Treasurer —

The SPEAKER: Member for Midland, the question has been dealt with, perhaps not to your satisfaction, but I am formally going to call you for the first time.

Mrs L.M. HARVEY: Treasurer, a number of small businesses in my electorate are excited about the jobs protection package announced as part of the budget last week. Can the Treasurer please outline how the payroll tax rebate will work for businesses and also help protect jobs?

Mr T.R. BUSWELL replied:

I firstly thank the member for the question.

Mr E.S. Ripper: You should never ask this guy a question about excitement!

Mr T.R. BUSWELL: No. On behalf of my good friend the member for South Perth, I acknowledge the students from Como Secondary College who would have enjoyed, I am sure, an enjoyable lunch with the member. He is a renowned host in the dining room of Parliament.

In relation to the payroll tax rebate, it is a difficult time for small businesses in Western Australia. There are almost 200 000 small businesses around Western Australia and many of them are facing a challenging set of economic aggregates that they have never had to face in the history of their businesses. This government is committed to support small business through this difficult period. It reflects the value of small business to the community and it reflects the value of small business as an employer.

Small business will enjoy many of the benefits of the jobs protection package; not the least of which is the economic flow-on from this government's massive and unparalleled \$8.3 billion investment in capital works for this year. Much of that money will flow directly to small businesses and, indirectly, through the associated multiplier effects, on to small business. We acknowledged in the budget that was handed down one week ago in this place that small business needs more help. We will do everything we can to reduce the incremental costs of labour to small business.

One of the inhibitors to business employing labour and keeping labour on during times like this is payroll tax. This government took a conscious decision to say to businesses in this state that if they pay up to \$1.6 million in payroll, they will get a full rebate on that payroll tax for this year. What does that mean? That means that if a business has a \$1.6 million payroll, it will get a \$46 700 rebate; an amount of \$46 700 that this government will rebate back to small businesses around Western Australia to help them keep people employed. If an employer's payroll is from \$1.6 million to \$3.2 million, the rebate drops. What does that mean? It means that 33 per cent of businesses that pay payroll tax in Western Australia will get a full rebate this year. Almost 50 per cent of businesses that pay payroll tax will receive a partial or full rebate.

I often wonder why payroll tax is such a sensitive issue for business in WA. One of the reasons is that the threshold has been held at \$750 000 for a long time. Five years ago, an employer could employ a good number of people before the \$750 000 threshold was reached; today, it is more difficult. More and more businesses are being caught up in payroll tax and related issues. That is why small business, including those in the member for Scarborough's electorate, welcomes this initiative.

There is another reason that small businesses are not happy in Western Australia; that is, they have seen what happened to payroll tax under the former government. I wonder if members know what happened to payroll tax over the past six years when the now Leader of the Opposition was in charge of the coffers in Western Australia. It doubled. It went from \$1 billion to \$2.2 billion! He was the highest taxing state Treasurer in the history of Australia—that is what he was! When he was elected, he promised to make Western Australia a competitive taxation jurisdiction. He failed.

Mr A.J. Carpenter: Record business growth—they could not get enough employees.

Mr T.R. BUSWELL: Record business growth, record tax revenues. Member for Willagee, I am interested. There has been a lot of conjecture this week about why Peter Tagliaferri lost the election in Fremantle.

Several members interjected.

Point of Order

Mr M. McGOWAN: I realise the Treasurer is world famous for behaving like a clown, but the question was about payroll tax. Under standing order 78, the answer must be relevant to the question. An extraneous issue has been raised, which means the answer is not relevant to the question.

The SPEAKER: Member for Rockingham, a point of order is not a chance to make any other comment apart from what is relevant to the point of order. I know you understand that. I am going to presume that the Treasurer is going to provide some information with respect to the interjection from the member for Willagee, which I thought was a relevant interjection.

Questions without Notice Resumed

Mr T.R. BUSWELL: I will deal with that and then move on to the answer. Peter Tagliaferri's campaign was doomed on 28 March when he had his photo on the front page of the *Fremantle Herald* with the former Premier—the political kiss of death! He can stick it on the wall with Reece Whitby and Karen Brown and some of his other dream team! He can put up on the wall in his den at home the head of Peter Tagliaferri, the head of Karen Brown and the head of Reece Whitby.

Back to tax, Mr Speaker, because it is important. We are doing things. We are doing things about tax to keep people in jobs. Do members know what the former government did when confronted with tax issues? It had a review. The review did not just produce one volume, it did not just produce two volumes—it produced three volumes of taxation review over two years. Do members know how many of the recommendations were adopted? None! Three years of review for nothing. In seven months, significant and important payroll tax rebates have been delivered to small business in Western Australia. There was absolutely nothing from the former government.

Several members interjected.

The SPEAKER: Order, members!

Mr T.R. BUSWELL: There have been other people commenting on our payroll tax initiative. Yesterday, a chap by the name of Chas Roy-Chowdhury, head of taxation for the World Association of Chartered Accountants, the king of chartered accountants, was in Perth and he was lauding the measures. Earlier this week in Queensland businesses were calling out for this measure because they understand what it is like to have a government that supports small business and is prepared to deliver a budget for the times.