

## Legislative Council

Tuesday, 12 May 2009, Page 2253

### PAYROLL TAX BILL

**The Hon. A. BRESSINGTON** (16:43): I rise to briefly indicate my support for the second reading of this bill, which seeks to harmonise payroll tax provisions in South Australia with the equivalent payroll tax legislation in New South Wales and Victoria.

This bill is a result of an agreement reached in March 2007 by state and territory treasurers to move towards consistent arrangements announced by New South Wales and Victoria on a number of key areas, including payroll tax. As has been noted, the legislative amendments to implement these measures were contained in the Payroll Tax (Harmonisation Project) Amendment Act 2008, which I supported in this chamber.

Payroll tax is a controversial topic and is often referred to as a tax on jobs. Small businesses, led by Business SA, have long campaigned for the cuts in both the threshold and rate of payroll tax. In an ideal world it would not exist, but, as it currently represents about one quarter of South Australia's taxation revenue, it is a vital factor in the government's ability to provide infrastructure and essential services.

There is, therefore, a delicate balancing act that a treasurer must perform between delivering these important things without stifling business too greatly, and it has been made no easier by the global financial crisis. If payroll tax is abolished or cut the revenue shortfall must be compensated for by either reducing services and/or increasing taxes elsewhere.

With payroll revenues forecast to be pushing \$900 million this financial year, we are talking about a very significant amount of money. However, although payroll tax is controversial, the subject matter of this bill is straightforward and commonsense. I support the content of this bill because I see it as a move to better reflect the current business environment and the direction in which it is likely to continue to head in the future.

Whereas in the past the vast majority of businesses operated solely within the state, today many operate right across the country. With this in mind, consistency of payroll tax arrangements is highly desirable. It is a better reflection of the times we are in and, not only that, it simplifies things and reduces administrative processes. Again, I support this bill and look forward to its swift passage through the council.

Debate adjourned on motion of Hon. B.V. Finnigan.