

**TAXATION LEGISLATION AMENDMENT BILL 2015**

*Second Reading*

Resumed from an earlier stage of the sitting.

**HON ADELE FARINA (South West)** [5.08 pm]: Before we broke to take questions, I was outlining some comparisons between the Australian jurisdictions in relation to the treatment of payroll tax, and I indicated that the payroll tax exemption threshold in four other Australian jurisdictions is actually higher than the threshold in Western Australia. In the Australian Capital Territory the threshold is \$1.85 million, in the Northern Territory it is \$1.5 million, in Tasmania it is \$1.25 million and in Queensland it is \$1.1 million, making all these jurisdictions far more attractive to small business than Western Australia.

There has been a media story by ABC News, which was posted online on Sunday, 10 May 2015 and which touches on this issue of the payroll tax exemption thresholds, and I want to read this into *Hansard* for the information of members opposite, who seem to think that there will be no impact on small business as a result of these measures. I quote —

For small business owner Helen Golisano, payroll tax is her biggest concern.

“Every person we put on, our payroll tax goes up, so you not only have got the wage, and super, but then you’ve got this fine for employing them,” she said.

Ms Golisano founded Skin Deep Medi-Spas more than 20 years ago and has grown her business to operate four salons, employing 26 staff.

Under current taxation laws, Ms Golisano must pay payroll tax if the collective value of wages on her books exceeds \$800,000 a year.

“Every solitary person I put on now, because we’re way over that threshold, I have to pay 5.5 per cent of their wage on top of it, to the Government in a fine, she said.

Until recently, the threshold had remained unchanged for close to a decade, despite average wages growth of around 90 per cent over the period.

The Government promised to increase the exemption threshold from \$800,000 to \$850,000 from July 2016 but deferred the decision by a year in December’s mid-year review.

At the time, treasurer Mike Nahan said it would not have a major impact.

“It’s a postponement of the threshold, the vast majority of firms will not be impacted at all,” Dr Nahan said.

The Government has now moved to reverse the decision but Ms Golisano is not convinced it will honour the commitment.

This is what happens when the government keeps telling porkies—eventually people stop believing and they stop listening to it. The article continues —

Ms Golisano said uncertainty about the tax had prevented her from hiring more staff.

“The threshold really needs to be doubled,” she said.

“If you look at the amount of time it’s been in practice for, and how much the wages have gone up, if you put that and CPI in line, you’d be looking at a threshold of over \$1 million really.

“We are always looking to employ more people, especially trainees, but payroll tax just kills it for us, it’s a non-incentive because every person we put on, our payroll tax goes up.”

...

The state’s peak business lobby said Ms Golisano is not alone, arguing many other businesses are also choosing not to expand or hire more staff because of the tax.

The Chamber of Commerce and Industry of Western Australia’s chief economist, John Nicolaou, is quoted in the same article —

“We need to see the Government look at payroll tax for what it is, it is a tax on employment,” he said.

“The Government should be looking to expand the economy, encourage job creation and investment rather than have a negative impact on that.

“The key thing is though, it’s raising a small amount of revenue but having a potentially significant impact on the economy.

“So when you look at the costs versus the benefits I think it’s a fairly clear cut case it’s not a priority area for the Government.”

Ms Golisano said if the threshold was not removed, or increased, it could force her to let staff go.

“It could mean a loss of jobs and it could also mean taking longer to open our future stores, really holding back because we would have to make sure we are able to pay that,” she said.

“That” means the payroll tax —

“I really think they (government) need to look at small business, we are the backbone of Australia, if they want to country to pick up and out of where it is at the moment they really need to provide more incentives for small business.”

Mr Nicolaou is urging the Government to look at its own spending to bring the budget back into the black, instead of raising taxes.

That supports that. I also made the point that Queensland has a relatively —

**Hon Alyssa Hayden** interjected.

**Hon ADELE FARINA:** Seriously, the member should listen to people’s contributions. I referred earlier to a statement by the CEO of the Bunbury Chamber of Commerce and Industries in which he referred to six as being small —

**Hon Alyssa Hayden** interjected.

**Hon ADELE FARINA:** That is what the article said. The government has a problem putting its message out to the community; that is what journalists are reporting.

Queensland has a relatively high tax-free threshold combined with the lowest payroll tax rate at 4.75 per cent, making it the most attractive state for small business. Clearly, that is a superficial analysis of the difference between jurisdictions. A far more detailed analysis is required if we are really going to understand the impact that these proposed changes will have on small business in Western Australia. It is also really important, when considering this bill, that we consider what the Liberal government said prior to the last election and what it promised small business in its small business policy. Other members have quoted that at length, and unfortunately time will prevent me from repeating it, but I make the point that it talked about small business being the heart and soul of the economy and that small business creates opportunities for people in local communities. If re-elected, the government said it would make sure that it provided further payroll tax relief for small business. It is not doing that. These proposed amendments fly in the face of the commitments that this government gave to the community and to small business before the last election. Other members have also extensively quoted various media articles that set out the views of the Chamber of Commerce and Industry in relation to these proposed amendments.

I will point out only a few because time is getting the better of me. On 30 March 2015, there was a media statement titled “Payroll tax hike will hurt business”. The chief executive officer of the Chamber of Commerce and Industry of Western Australia, Deidre Willmott, said that the CCI ran a survey. The survey indicated that 84 per cent of businesses expected to be less profitable as a result of these proposed changes, 82 per cent were less likely to increase staff wages, 81 per cent of businesses expected to hire fewer new employees and three-quarters of businesses also said that they were more unlikely to increase wages because of the deferral of a planned increase in the payroll tax exemption.

I do not know what more members on the government benches need to hear. The CCI, which represents small, medium and large businesses in this state, says this is a mistake; the government is actually taxing jobs; it will result in less job creation and possibly job losses. If the government is going to be deaf to that, it will need to wear the consequences at the next state election. It is fine for government members to stand and say it is not true, but those who are in business are giving a completely different message.

We have learnt four key things from the bill before us. It explodes the myth that the Liberal Party is more sympathetic to small business. This bill clearly shows that that is not the case. It shows that the Liberal Party will always be more sympathetic to big business at the expense of small business. It highlights the fact that the Liberal Party does not keep and honour its election promises. It confirms the fact that Liberal governments are not good managers of the state’s finances. The former Labor government kept state net debt low, and the debt to revenue ratio low, and restored the state’s AAA credit rating. This government has wrecked the lot.

At a time when unemployment in this state is on the rise—having doubled under this government—and at a time when the government should be promoting policies that deliver jobs growth, this government is imposing a payroll tax that will adversely impact employment in Western Australia. In 2008, WA had an unemployment

rate of 2.7 per cent. That figure is now heading to around six per cent. In September 2008, 32 000 Western Australians were out of work. Now, in excess of 80 000 Western Australians are out of work. That figure is expected to continue to climb with the transition of the mining industry from construction to production. In addition, we are seeing significant job cuts in the public service and in retail and other sectors in the community. Myer recently announced it will close 16 stores nationwide, and Woolworths is looking to close more stores. Dale Alcock recently announced 50 job losses. Newspapers across the state have cut jobs and continue to cut jobs. Consumer confidence is low and business confidence is at an all-time low. The picture is grim. It really cannot get much grimmer. Members need to understand that payroll tax is a tax on employers; in particular, it is a tax on the number of people employed. Undoubtedly, this increase in payroll tax will adversely impact employment in Western Australia. At a time of rising unemployment, the government should be acting to put in place policy settings that generate employment, not policy settings that make the situation worse.

At this point I foreshadow moving a motion to refer this bill to committee. The reason I am doing that is that the government has failed to consult with small business and relevant stakeholder groups on the proposed changes to the payroll tax. The government has sought to downplay the impact of the proposed amendments on small business; in fact, it denies that the proposed amendment will impact on small business at all, arguing that it is targeting these changes at medium-sized businesses. There is enough evidence from the chamber and from members on this side that that is just not the case. Limited media comment by the Chamber of Commerce and Industry of Western Australia on the proposed amendments indicates that it shares the view that the proposed amendments will impact on small business. We need to better understand the position of the CCI, regional chambers of commerce and industry and other stakeholder groups on these proposed amendments. If the bill is referred to a committee, the committee will be able to obtain the views of stakeholder groups and inform the Parliament accordingly. A number of reports, both government and non-government, argue that payroll tax is an inefficient tax and should be abolished. The government has failed to inform the house of its reasons for ignoring the views of these highly regarded academics and experts.

Despite promising to cut payroll tax, the government, through this bill, is proposing to increase the payroll tax burden on small business. There is no justification for the government preferring this measure to assist it to cover its budget black hole as opposed to other measures, be they spending cuts or alternative revenue-raising measures. If the bill were referred to a committee, the committee would be able to explore other options and the effectiveness of this revenue-raising measure and, importantly the impact of this revenue-raising measure on Western Australian businesses, and their ability to invest, expand, employ and innovate, which was part of the small business policy the government brought to the last election campaign. This is critical information that should be available to Parliament and carefully weighed by Parliament in making a decision on the legislation currently before the house.

At a time when unemployment in this state is rising, we should not be passing legislation that hinders jobs growth and the ability of Western Australia businesses to expand and invest in innovation. These are critical to the economic development of our state. We are told that about 17 000 employers will be affected by the proposed amendment, yet we do not really understand the impact of those proposed amendments on those businesses, because the government has failed to consult with them. This is critical information that would greatly assist the Parliament to make an informed decision. If the bill is referred to a committee, the committee would invite comment from these 17 000 businesses, so that the Parliament would be better informed on the impact of the proposed amendments on the ability of Western Australian businesses to invest, expand, employ and innovate. While members on this side clearly do not need that information, because we have listened to the concerns raised by small business, clearly members on the government benches need this information. We have been told that 5 000 businesses will have payrolls in excess of \$7.5 million, and therefore will be required to pay an additional \$44 000 a year in payroll tax. The impact on these businesses is not understood because, again, the government has failed to consult with them and present that information to the Parliament. It is my view that the businesses with payrolls above but close to the \$7.5 million threshold will be impacted more significantly and to a greater extent than big businesses. That is my view, and if the bill were referred to a committee, the committee could look into this and provide the Parliament with a better understanding of the impacts on these 5 000 businesses.

The mechanism by which the government has chosen to achieve the \$397 million boost in revenue is complex. Clearly, the government could have used a range of mechanisms to raise this revenue, and we do not know whether the government considered the other mechanisms, and what they were. The government has failed to explain why it opted for this proposed mechanism over other mechanisms, such as a flat rate increase, and issues have been raised that the proposed mechanism creates equity questions that the Parliament has not had an opportunity to consider, because the government has failed to provide the information to the house. If the bill were referred to the committee, the committee would be able to inquire into these matters and report to the Parliament.

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I made a brief overview comparison of the payroll tax in other Australian jurisdictions, but this was a very superficial examination only, and we need a more detailed analysis, which has not been provided by the government, so that we can better understand the impact that these proposed changes will have on Western Australia's competitiveness in attracting small business. As members have heard me say before, we have sworn an oath to make laws for the good governance of the state. We have a duty to understand how the proposed amendments will impact on small, medium and big businesses in this state, and how they will impact on the state's competitiveness and economy. The best way of achieving this, at this stage in the process, is to refer the bill to a committee for an inquiry into these matters.

*Discharge of Order and Referral to Standing Committee on Legislation — Motion*

**HON ADELE FARINA (South West)** [5.25 pm] — without notice: I move —

- (1) That the Taxation Legislation Amendment Bill 2015 be discharged and referred to the Standing Committee on Legislation to inquire into the bill generally, and in particular to examine the potential impact of the bill on —
  - (a) the ability of Western Australian businesses to invest, expand, employ and innovate; and
  - (b) Western Australia's tax competitiveness relative to other state and regional economies.
- (2) That the committee report not later than 16 June 2015.

This is a very reasonable motion. It will provide an opportunity for this house to better understand the implications of the proposed amendments. There is significant disagreement between both sides of the house on the impact of these proposed amendments on small, medium and large businesses in this state. The Chamber of Commerce and Industry of Western Australia does not share that concern. It thinks that it is very clear that there will be a significant impact, and it is very important that, before this house makes a decision on this legislation, we have the information we need to make an informed decision. I commend the motion to the house.

**HON SUE ELLERY (South Metropolitan — Leader of the Opposition)** [5.27 pm]: I rise to speak in support of the motion moved by my colleague Hon Adele Farina, and I do so on this basis. The government made a promise, based on its own publicly expressed view that payroll tax is an impediment to jobs, and claimed that every single one of its promises was fully funded and fully costed. The government received advice from Treasury on the pre-election state of the finances, and that document set out that the budget was sensitive to, amongst other things, movements in iron ore prices. The government received a report from the Economic Regulation Authority that held a similar view to that expressed by the government about the impact of payroll tax on jobs. The government announced in its December 2014 midyear review that it intended to go back on its promise on payroll tax, at a time when the labour market in Western Australia had already started to shift significantly. The government claims, in the second reading speech for this bill, that it was shocked to find out that its budget was so impacted by the fall in iron ore prices, despite previous advice.

We find ourselves in the position in which the house is getting very mixed advice. Government agencies, in the form of the Treasury and the Economic Regulation Authority, appear to see the position quite clearly, but the government is ignoring that and is telling the house that this situation was unforeseen and that it is now necessary to make changes to a tax that it believes impacts negatively on jobs at a time when our jobs market is the most precarious it has been for a decade. It is up to the house to get decent advice, and we say that the best way to do that is a short, sharp inquiry to test whether the bill does impact on businesses' ability to invest, expand, employ and innovate, and where this places us in relation to other economies.

The Taxation Legislation Amendment Bill 2015 will apply tax increases of between \$1 000 and \$44 000 to some 17 000 businesses. It will generate about \$400 million in savings to the government over three years by abolishing the tax-free component for payrolls over \$800 000. It is a bill that could have, potentially, a significant impact on Western Australian businesses. It has been mooted by the government publicly on many occasions that payroll tax is indeed an impediment to jobs, and the government claims that every single one of the promises it made in the 2013 election was fully funded and fully costed.

We know that at the time of the 2013 election, as is standard practice in the days immediately before an election, Treasury released a document called the *Pre-election Financial Projections Statement*, which included a statement of risks and uncertainties that had changed since the point of the 2012–13 *Government Mid-year Financial Projections Statement*. The interesting thing about that timing, of course, is that the 2012 midyear review was in December and the election was in March, so this document reiterated, in respect to the risks it listed, much of the information that had already been provided to the government in the midyear review because the time difference between the two documents was only, literally, a matter of months—probably about eight or

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nine weeks. The statement of risks in the *Pre-election Financial Projections Statement* showed, under the heading of “Forecasting Uncertainties”, a whole section that set out how difficult it was to forecast a \$239 billion economy with a \$25 billion recurrent budget, and stated —

... there will always be differences between the forecasts of key aggregates and the final audited results.

Under the heading “Revenue Estimates” it reads —

The revenue estimates are sensitive to changes in key economic parameters, including the \$US/\$A exchange rate, commodity prices (especially iron ore), house prices, employment and wages.

It went on to set out the approximate sensitivity of the respective estimates in the table in that document. It set out that the iron ore royalties for each \$US1 per tonne increase or decrease in the price of iron ore has about a \$31 million impact on the state budget. There is nothing new about that. So \$US1 per tonne up or down in the price of iron ore actually has a direct impact of some \$31 million on the state budget. It identified that as a risk, and that the government could not guarantee that it would keep receiving the same level of money, particularly if there were shifts in the iron ore price.

The section on risk also set out the risks in respect to commonwealth grants, particularly the GST share, and there was nothing particularly new about that. There was a section on royalty income that stated —

In 2012–13, royalty income accounts for an estimated 18% of the State’s total revenue, and iron ore royalty income accounts for 15% of total revenue.

Iron ore accounts for 15 per cent of our total revenue and we know a single \$US1 per tonne increase up or down has an impact worth \$31 million on the state budget. So, 15 per cent, and every time there is a shift by just \$US1 in the price per tonne it has an impact of some \$31 million. That section went on to state —

The royalty income estimates are particularly sensitive to movements in the \$US/\$A exchange rate and iron ore prices. Since release of the mid-year review in December 2012: —

So we are now in late February–early March 2013 —

- the spot price of iron ore (Australian, 62% purity, including cost, insurance and freight) has ranged between \$US126 per tonne and \$US160 per tonne; and
- the \$A has traded between US103 cents and US106 cents.

As the price of iron ore fell because the Australian dollar fell against the US dollar, there was a bit of hedging—that is how it has been described—between the two. Nonetheless, it was a drop and it was predictable. So, the notion that the government had to announce in the midyear review at the end of December 2014 that it was shocked and surprised to learn that it had to go back on its promise in respect to payroll tax exemptions—the timing of them and the thresholds—and it somehow described that to us in the second reading speech as being unforeseeable is just a nonsense. Every economic document provided to the government going back over the last five years—members could probably go back over the last 10 years—has referred to iron ore price volatility as an ongoing risk. Despite that information being prepared by Treasury year after year after year, the Barnett government went to the election with a promise that all its election promises, including those about payroll tax, were fully funded and fully costed. But it turns out that that was not actually the case.

The government went into the last election with a policy that made it clear that it had a view about the role payroll taxes played in our economy; that it had a view about the impact that payroll tax had on impeding investment, expansion, employment and innovation in the Western Australian economy. The substance—the bedrock—of that election commitment was that the government’s view was a view supported by organisations that have already been listed by the mover of this motion, Hon Adele Farina, such as the Chamber of Commerce and Industry of Western Australia and others, that payroll tax impedes jobs. The government already knew that. This notion in the second reading speech that somehow that promise has to be reneged on because the government was not really aware of the consequences of a shift in iron ore prices is just a nonsense. This is the government that has as one of its longstanding policies the view that the level of employment in Western Australia is directly connected to payroll tax. Government agencies such as Treasury and the Economic Regulation Authority, which I will refer to in a minute, were spelling out that it was entirely predictable that any promises related to an iron ore price at X constituted a risk because of the volatility of the market. But the government also had advice from the Economic Regulation Authority about the impact of payroll taxes on jobs. So there are two government agencies providing advice, but instead what does the government come in and do? It says, “We made this election promise but we can’t actually honour it because circumstances have changed.” Well, the government told the people of Western Australia that its promises were fully funded and fully costed. How could it make that promise if it did not know—it did not realise—that it was subject to the vagaries or the risks that had already been identified?

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The second point is that the house is being asked to consider a change to payroll tax at a time when our labour market is in the worst condition it has been in for the past decade. We are still better off than many other states in Australia, there is no question about that, but it is certainly the case that Western Australia is at a really precarious point in respect to its labour market. So after all the advice, the government's philosophical position is such that it sees payroll tax being an impediment to jobs but it comes into the house and expects us to support, and expects the people of Western Australia to swallow really, that despite the fact that the government's view and advice provided to it is that payroll tax changes of the nature that the government is proposing will have a negative impact on investment, expansion, employment and innovation in Western Australia, it should just be sucked up because things happened that the government did not know about. I do not think that is acceptable by any stretch of the imagination.

The Economic Regulation Authority has things to say to us. People will recall the then Treasurer —

**Hon Kate Doust:** Which one?

**Hon SUE ELLERY:** I cannot remember which Treasurer, but one of them basically asked the Economic Regulation Authority to conduct an inquiry into microeconomic reform in Western Australia and in April last year it released its draft report. It has a section on state taxes and it sets out the following —

State taxes are an important source of revenue for the Western Australian Government, estimated to account for a third of the Government's revenue sources in 2014/15.

However, all taxes impose costs on the economy, despite being a necessary revenue source. These include:

- efficiency costs, which result from the distortion of decisions of taxpayers due to State taxes;
- compliance costs, which are the costs to businesses and individuals of meeting their obligations arising from the tax system; and
- administrative costs to the State Government of raising taxes.

Payroll tax, transfer duty and land tax are the most significant and broadest tax bases available to the State Government. The efficiency costs arising from payroll tax, residential transfer duty and land tax in Western Australia alone are significant and have been estimated ... to be in the order of \$1 billion per annum. Hence, it is necessary that any examination of microeconomic reform consider the efficiency effects of State taxes.

The report went on to identify options to reform the current system of state taxes to minimise the cost to the WA economy. In the document, the ERA sets out the principles of good tax design, summarises the submissions that it received and canvasses the efficiency effects of the three main taxes in WA—payroll, transfer duty and land tax. In setting the scene, the report states —

State tax collections can be quite volatile and unpredictable, contributing to difficulties experienced by State Government's in formulating budgets. The narrow taxes that the States can access limit the ability of the State Governments to raise sufficient revenue to meet their expenditure responsibilities. However, successive Western Australian Governments have compounded this problem by eroding the tax base through concessions and exemptions during times of prosperity.

Basically, the ERA is saying to politicians that they are effectively creating their own problems each time they mess around with state taxes, not just by eroding the tax base through concessions and exemptions, but also in respect to providing certainty. Western Australian businesses in March 2013 were promised a tax regime that included significant changes to payroll tax in particular and they planned their businesses accordingly. When the government announced this bill in the midyear review in December, it effectively removed that certainty for business. The ERA report states that the consequence of state governments having such a narrow but quite volatile and unpredictable tax base is that they are highly reliant on the federal government for funding. I will not buy into the whole GST debate right now, I want to concentrate on the levers that the state can pull, but the ERA certainly acknowledges our reliance on federal government funding. The report continues —

Tax rates on narrow tax bases need to be higher than tax rates on broad tax bases in order to collect the same ... revenue. The consequence of the combination of high rates and a large number of exempt activities is that businesses have the incentive and the opportunity to invest time and effort into activities to avoid or minimise the amount of tax they pay.

We really do not want to go down that path. The report continues —

The following are examples of distortions available for businesses to reduce their payroll tax liabilities.

Therefore, each time we tweak the payroll tax exemptions and change the time lines for implementing them, we flag for businesses the temptation, I guess, to avoid payroll tax by engaging employees, for example, as independent contractors, because payments made to legitimate independent contractors are not subject to payroll tax. It reduces payroll tax and other payroll tax-related liabilities such as superannuation and workers' compensation. It is good to note, and the ERA noted it, that the payroll tax legislation includes a specific anti-avoidance provision that enables the Commissioner of State Revenue to tax arrangements that are effectively one of employer and employee. Despite the employer or even the employee saying that the people are really independent contractors, the state tax commissioner has the power to look behind that arrangement and impose a tax nevertheless. The report states that the other options available to businesses are —

- Sending parts of their operations off-shore, where wages and tax liabilities are lower. The Chamber of Commerce and Industry of Western Australia advise that some of its professional services members are hiring staff in South East Asian countries to complete work that could otherwise be done in Western Australia, as a way of reducing staff numbers and not increasing their payroll tax obligations.

Again, we are being asked to consider a bill today that has the potential to increase the number of Western Australian jobs going offshore, as companies say it is too hard for them to predict what will happen with their payroll tax obligations and they do not want to pay that extra amount, depending on the size of the business, of between \$1 000 and \$44 000. The second reading speech states that some 17 000 businesses are captured by the propositions of this bill. Another option is canvassed by the ERA in its report. I am not suggesting that the ERA is canvassing these as things that employers should do; it is saying they are the temptations put in front of businesses each time governments fiddle around with payroll tax. The report states —

- Deciding not to employ additional staff to avoid exceeding the exemption threshold for payroll tax and finding alternative means to grow their businesses (such as greater use of capital) or simply not growing their business at all.

I think that was the point my colleague Hon Adele Farina was making when she was referred to the story on ABC news on Sunday night of Ms Golisano, who basically made the point that this is preventing her from growing a business. She feels that changes in payroll tax are preventing her from hiring more staff. The Chamber of Commerce and Industry also drew the attention of the Economic Regulation Authority to the following —

... the ability to achieve meaningful reform will require the Commonwealth and State tax systems to be addressed as one regime to address the imbalance between the revenue raising capacity and spending responsibilities of the Commonwealth and State Governments.

I think we have seen from the recent GST conversations—if we can use that word, which I think is probably stretching it!—that that is a very difficult thing to achieve. There will always be political objectives and electoral timetables in conflict between state governments and the commonwealth, which means they will take a particular position that has nothing to do with the high and lofty objective of having meaningful reform based on everybody agreeing that they need to achieve it. Each time one of the parties tweaks their respective state system, the imbalance deepens a little more.

The ERA report went on to note that payroll tax, residential transfer duty and land tax accounted for some 58 per cent of WA's tax collections in 2012–13. The ERA goes on to state —

Payroll tax has the potential to be a highly efficient tax if it is applied to a broad base and at a low rate. This is because the base (labour) is relatively immobile and cannot relocate to avoid the burden of payroll tax.

However, every time an exemption is added or the timing of the implementation of exemptions is tweaked, the efficiency of payroll tax is reduced. It goes on to state —

... the efficiency of payroll tax is reduced because of the high exemption threshold (which results in a large number of small businesses being exempt from the tax base) —

I think that is the point that Hon Alyssa Hayden was trying to make, except that the implications of this bill are not just directed at small businesses —

and the number of concessions and exemptions, which together equal 57 per cent of the revenue collected.

The Economic Regulation Authority also states —

The current form of payroll tax in Western Australia distorts economic decisions.

- The ... threshold may provide incentives for businesses to remain small. This distortion is amplified by the necessity of using a higher marginal rate to achieve revenue targets.
- The narrow-base of payroll tax may distort the composition of employment, as some workers are likely to leave businesses that pass on the additional cost to the workers and seek higher wages in exempt businesses. Exemptions therefore introduce biases into the allocation of labour.
- Payroll tax effectively increases the cost of labour to businesses which affect the optimal mix of factors of production, thus producing an efficiency loss to the economy.
- The effective decrease in real wage encourages workers to substitute labour for leisure (although this would be true even for a comprehensive payroll tax).

It is good that it recognises that there is economics and then there is politics, and it is politics that drives governments of all persuasions. It goes on to state —

Nevertheless, there are some advantages arising from the current payroll tax exemptions.

- The exemption thresholds reduce the compliance burden on small businesses that would arise from remitting payroll tax by exempting businesses with payrolls under \$750,000 per annum.

Remember, this was in the context of arrangements in place in 2012–13 —

- Exemptions and concessions for particular types of employment can be used as a policy measure to encourage (or at least not discourage) those types of employment. For example, in their submissions, the Chamber of Minerals and Energy and the CCIWA noted the importance of payroll tax exemptions for wages of apprentices and trainees under approved training contracts.

That is really important, particularly at a time when the labour market is so volatile. It goes on to state —

However, the latter of these —

That is, the ways of encouraging certain levels of employment, such as apprenticeships and traineeships —

can also be achieved in more transparent ways that do not distort the tax base, such as the payment of direct grants to employers who employ workers in certain groups.

The federal government now has in place arrangements for, I think, \$10 000 grants to employers who take on employees who are over 50 years of age. That is not fiddling around with the tax base, but making a direct grant as a way of achieving a social outcome in the employment market.

The Economic Regulation Authority goes on to state that the marginal efficiency cost and average efficiency cost of payroll tax in its current form were worked out during the Henry review of taxation to be 41c and 22c per dollar of revenue raised respectively. This means that an additional dollar raised in payroll tax imposes a loss of efficiency of 41c. Moreover, the total cost imposed on households is around one-fifth of the revenue of around \$760 million collected a year. It goes on to state —

However, modelling by KPMG indicates that there is considerable potential for the efficiency of payroll tax to be improved. A revenue neutral, uniform payroll tax has an average excess burden of 13 cents. This implies a total efficiency cost of \$450 million, compared to the \$760 million cost of the current payroll tax regime.

The reason I went through all that is that that information has not just been provided to me; that information was provided to the government in April last year. This notion that it is sensible to tweak and fiddle around with payroll tax exemptions is clearly set out as being not sound policy, but policy which has an impact on employment and the economy more generally and which is not supported by any of the key major stakeholder groups.

In its submission to the ERA inquiry, the Chamber of Commerce and Industry of Western Australia said that it considers that payroll tax is a priority area of reform to improve WA's tax competitiveness. The CCIWA recommended lifting the exemption threshold to \$1.5 million to address the bracket creep from rising wages over the past decade and to index the threshold to ensure that those issues did not arise thereafter. The CCIWA considers that the abolition of payroll tax is an important objective over the longer term and suggests that it would result in higher rates of employment. The CCIWA also recognises that although it might be economically efficient to have a payroll tax system with as broad a base as possible, the benefits of maintaining the existing payroll exemptions are likely to outweigh any administrative costs and, as a result, the exemptions should be maintained. It also refers to some of the social objectives, such as exemptions for the first two years on the

wages of people with disabilities and Indigenous Australians, which provide incentives to employers to employ people from these groups, which remain some of the most under-represented groups in the workforce; and exemptions on wages of apprentices and trainees, which reduce the up-front cost to the employer of sending an employee on training or make the employment of an apprentice more economic. The exemption also reflects that, in many instances, employees on training may be less productive than if they were not.

The Chamber of Minerals and Energy of Western Australia acknowledges that payroll tax and land tax can be efficient forms of taxation, but exemptions and thresholds distort behaviours and create inefficiencies. It says that broadening the payroll tax or land tax bases to offset a decrease in transfer duty rates would not be viewed as genuine taxation reform; nor would it necessarily remove any of the efficiencies it is seeking to improve.

The Master Builders Association made a submission to the ERA review stating that it does not support broadening of the payroll tax in any way as it is a penalty tax on employing people. That is why the terms of the motion before us ask us to do an inquiry to establish what impact this measure will have on, amongst other things, employment in Western Australia.

The Small Business Development Corporation strongly disagrees with the notion that the tax system could be made more efficient by redistributing liability from transfer duty to payroll tax. It says that the current payroll tax system has a significant and negative impact on small business growth and productivity in Western Australia, affecting the state's competitiveness compared with other jurisdictions; payroll tax is inequitable as it heavily affects businesses involved in labour-intensive industries and does not take into consideration a business's ability to pay; and the government's commitments to reducing the payroll tax liabilities through incremental increases to the threshold are welcome. The SBDC believes there is a need to reduce the number of small businesses currently liable for payroll tax in order to stimulate growth in the sector and therefore boost the WA economy.

The motion before us asks us to send the bill to the Standing Committee on Legislation to examine in particular the ability of Western Australian businesses to invest, expand, employ and innovate and WA's tax competitiveness relative to other state and regional economies. If the government had come into this chamber and said, "Here is the evidence that this bill will have some impact on jobs, innovation and the capacity to expand; no impact on jobs, innovation and the capacity to expand; or a very small impact on jobs, innovation and the capacity to expand", we would not need to seek this information via a parliamentary inquiry. It appears to us that all the evidence that has been provided so far by major stakeholders in the employment space and by the government's own agencies shows that payroll tax has an impact on those things and that tweaking the thresholds and the time line for the change in those thresholds just adds to uncertainty and makes it harder for businesses to make the arrangements that they need to make.

*Sitting suspended from 6.00 to 7.30 pm*

**Hon SUE ELLERY:** I had been making the detailed and cogent argument that the reason the Taxation Legislation Amendment Bill 2015 needs to be referred to a committee is that the government made a promise at the last election based on the view that payroll tax is an impediment to jobs, but has presented us with no information telling us that this bill, which breaks the promise the government made to the people of Western Australia, will not have some kind of negative impact on expanding our economy, investment opportunities, employment opportunities and innovation. I made the point that the government had received advice from Treasury in the *Pre-election Financial Projections Statement* that the budget was sensitive to movements in iron ore prices, that that has been a matter raised in midyear review after midyear review and budget after budget, that the government was also in possession of advice from the Economic Regulation Authority that went to the impact of payroll tax on jobs in particular and outlined the submissions of some of the key stakeholders, such as the Chamber of Commerce and Industry of Western Australia, the Chamber of Minerals and Energy, the Small Business Development Corporation and others about the negative impact that payroll tax will have on jobs, and that given our precarious state of employment in the labour market right now in Western Australia, we should be measuring what kind of impact the measures in this bill will have.

I want to finish by referring to the story on Sunday night on ABC TV news about Helen Golisano, who owns, I think, four beautician salons across Perth employing 26 staff. She made the point that because her annual payroll now exceeds the exemption threshold of \$800 000 a year, she has to pay payroll tax of 5.5 per cent, which is a financial impost that is preventing her from hiring more staff. She described the payroll tax changes as a fine for employing people. The second reading speech tells us that this bill will apply tax increases of between \$1 000 and \$44 000 to some 17 000 Western Australian businesses. It will generate about \$400 million worth of savings over three years by abolishing the tax-free component for payrolls over \$800 000. We have an obligation to get the facts before us on the impact that this bill will have on Western Australian businesses' capacity to invest, expand, employ and innovate.

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A short sharp committee report to get back to the house by 16 June meets the government's request to have this bill passed before the house rises for the winter recess. This is a reasonable proposition, and I commend it to the house.

**HON AMBER-JADE SANDERSON (East Metropolitan)** [7.34 pm]: It will not surprise people that I, too, rise to support the motion that the Taxation Legislation Amendment Bill 2015 be referred to the Standing Committee on Legislation to examine its potential impact on —

- (a) the ability of Western Australian businesses to invest, expand, employ and innovate; and
- (b) Western Australia's tax competitiveness relative to other state and regional economies.

Hon Sue Ellery made the point that this is a perfectly reasonable motion with a short time frame that would enable the government to pass this legislation within its required time frame of the end of the June sitting weeks. The Standing Committee on Legislation would be able to examine not just the impact on small business that this bill is likely to have, but also the current context in which those small businesses are operating, given the tightening economic framework in an environment of rising unemployment and the impact of this payroll tax that essentially is a tax on employment.

The legislation seeks to amend the Duties Act, the Land Tax Assessment Act and the Pay-roll Tax Assessment Act, but it is the payroll tax aspect of this bill that needs the closest examination. The bill will affect about 17 000 employers, which is a lot of employers in Western Australia. Given the importance of small business to the employment sector, it is a worthy task for the legislation committee.

Under the proposed bill, a payroll of \$1 million will mean an extra tax of \$1 313 a year; a payroll of \$3 million, an extra \$14 448; a payroll of \$5 million, an extra \$27 000; and a payroll of \$7.5 million, an extra \$45 000 in tax. The Standing Committee on Legislation would be able to thoroughly examine the impact of those imposts on small business and the ripple effect throughout the economy. We need small businesses to be employing people. At the moment we are seeing enormous layoffs in the mining sector, and the retail sector is struggling. We need other small businesses to be picking up those people who are looking for jobs. All in all, the extra payroll tax will bring in about \$400 million over three years.

It is a worthy exercise to look at the impact that will have on small business. We have heard a lot from the CCI and we can look through the ERA submission, but we need to hear from employers. When we look at the context of this bill, some examination is required on its impact on investment and employment. Since this government's election, a number of extra taxes and fees have been introduced into the broader community, but in particular on businesses; in fact, we have seen nearly \$7 billion worth of savings measures since the last election. That \$7 billion of savings measures is not going into the economy. It includes \$527 million in tax increases and land tax increases of 12.5 per cent; motor vehicle concessions have been halved; and there has been another administration package of \$450 million. From July 2014, private motor vehicle registration fees will be abolished; there will be an increase in Perth parking fees, and a further 10 per cent increase in land tax. Electricity and utilities charges have risen significantly. It is not only families that have to pay those increases, but also businesses. What is the compounding impact of delaying the concession with these increased fees and charges of operating a business, as well as the challenges of the labour market? What will these increases do to employment in Western Australia when we see jobs shed in the resources sector?

This is one of two new taxes on the horizon from this government. I hope that we do not see any more in the next few days in Thursday's budget. We already know about this payroll tax and the introduction of the regional improvement tax. That runs contrary to the Liberal Party promise at the last election, and that in itself is worthy of examination. The "Liberals' Small Business Policy" at the last election clearly stated —

The Liberal Party recognises that the success of small business is crucial to the economic and social well-being of all Western Australians. While the resources sector might be the engine of the economy, small business is its heart and soul, creating job opportunities for people in their local communities.

Small business could be described as the heart and soul, or the backbone, of the economy because it is the steadiest sector, one of the biggest employers and makes up half of employment in the private sector, so it is more than the heart and soul of creating businesses; it is the backbone of the economy. Essentially, this government is making it harder for those people operating in the backbone of our economy to innovate, employ and expand, which is what they need to be doing in the current economic climate. "The "Liberals' Small Business Policy" continues —

The Liberal-led Government delivered late-night and Sunday trading and have reduced the burden of red tape, slashing the number of boards and committees, repealing unnecessary legislation and

removing duplicative or redundant regulations. The Liberal-led Government has delivered tax relief to thousands of small businesses across WA, worth \$250 million —

It is hard to see where the Liberals have done that —

... has delivered tax relief to thousands of small businesses ... worth \$250 million.

That is a pittance compared with the tax the government will be imposing on small business. The government is giving with one hand and taking away with the other. It gave with one hand before the election; after the election the government realised it was in tightening fiscal circumstances, which everybody knew, and it is now taking away another \$400 million through this tax. The Liberal Party clearly stated —

If re-elected the Liberals will:

- Reform the payroll tax system, raising the payroll tax threshold to \$800,000 in 2014–15 and then \$850,000 in 2016–17

The Liberals are committed to lifting the tax burden on Western Australian businesses to free up funds that can be better used to invest, expand, employ and innovate.

There are those words: invest, expand, employ and innovate. They are the aspects and impacts that will be examined by the committee, from the Liberal Party's very own manifesto: to invest, expand, employ and innovate. The policy also states —

This action represents the first step in reform of the payroll tax system, with measures will be delivered in two stages, with the threshold to be increased to \$800,000 in 2014–15 and then further increase to \$850,000 in 2016–17.

A Liberal Government will continue to grow the State's economy for the benefit of all Western Australians and the reduction in the payroll tax threshold is an important measure in ensuring Western Australia remains the most attractive State for business.

The Liberal Party has stated that payroll tax and lifting the threshold is an important measure to ensure Western Australia remains competitive and that it remains an attractive state for business, yet it has delayed that increase. It is clearly walking away from its commitment to make Western Australia competitive and the most attractive state for business.

The Economic Regulation Authority's "Inquiry into Microeconomic Reform in Western Australia: Final Report" also talks about the importance of payroll tax and makes some interesting points. Hon Sue Ellery went into that report in some detail, so I will not go into it in as much detail. The report states —

Payroll tax has the potential to be a highly efficient tax if it is applied to a broad base and at a low rate. This is because the base (labour) is relatively immobile and cannot relocate to avoid the burden of payroll tax.

So, payroll tax has the potential to be highly efficient if it is broad and low, which is what the Liberal Party promised and which is what it is walking away from. The ERA report continues —

However, the efficiency of payroll tax is reduced because of the high exemption threshold (which results in a large number of small businesses being exempt from the tax base) and the number of concessions and exemptions, which together equal 57 per cent of the revenue collected.

Payroll tax needs to be low and broad, but that is not what this government is doing. The ERA report continues —

The current form of payroll tax in Western Australia distorts economic decisions.

It continues —

- Exemptions and concessions for particular types of employment can be used as a policy measure to encourage (or at least not discourage) those types of employment.

It would be prudent for a committee to examine what kind of employment this tax is likely to affect and what kind of employment the deferral of this tax is likely to implement. The report continues —

For example, in their submissions, the Chamber of Minerals and Energy and the CCIWA noted the importance of payroll tax exemptions for wages of apprentices and trainees under approved training contracts.

This is a potential economic lever that the state can pull; it is a trigger available to the state to make WA small business more innovative and put it into a good position to expand so that we can develop more apprentices, more trainees and support those people coming off mine sites who have no hope of moving back into the mining

sector in the very short term. This is a clear trigger that the state can pull, and the Liberal Party has decided not to do that. We have to be clear: the Liberal Party has decided not to do that.

The ERA's final report states that a number of organisations made submissions to the draft report on microeconomic reform —

... and argued that payroll tax should be abolished on the basis that payroll tax is a tax on employment, which effectively discourages businesses from employing additional staff and places the greatest burden on labour intensive industries.

I am not sure that I fully agree with that statement, but it is clear that it is a tax on employment, and imposing it on businesses that are simply trying to survive makes it harder for those people to employ more people. The report continues —

A number of organisations that made submissions in response to the Draft Report called for an increase in the payroll tax exemption threshold ...

Many called for the threshold for small business to be \$1.5 million and to raise the national average exemption threshold of the payroll tax, which is approximately \$1 million. So, WA is way behind in its competitiveness in payroll tax and in being a desirable state for people to invest and employ in. Let us examine that and see whether we can improve the legislation so that Western Australia can support small business. A number of organisations also suggested that payroll tax be indexed to inflation to prevent bracket creep.

What has the government done so far to support small business and what further impact is this legislation likely to have on the ability of small businesses to employ people, to expand and to invest? Before the last election, the government said that it would lift the threshold for payroll tax, which it has walked away from, and it did that over a number of stages. The first broken promise was the 12-month deferral in the scheduled increase in the payroll tax exemption threshold from 1 July 2016 to 1 July 2017 that was announced at the end of last year. The decision to lift the threshold would cost around \$400 million over three years. These changes were announced as part of the *Government Mid-year Financial Projections Statement*. The second broken promise is this bill, which pushes it back even further. That begs the question: what will the impact be on what is essentially the backbone of our economy? As of June 2013, 2 926 small businesses were trading in Western Australia, making up 96.7 per cent of all businesses in the state. For a tax that will impact on 96.7 per cent of all businesses in the state, it is important that Parliament understand the impact that these taxes will have on those businesses and on the economy as a whole. A committee will have the tools to do that and to inform Parliament on the impact of this legislation.

Small businesses contribute significantly to the Australian economy and account for less than half of private sector industry employment and contribute approximately one-third of private sector industry value. Payroll tax, according to the CCIWA, has the biggest impact on businesses and business decisions, as the total payroll approaches the exemption threshold because the effective cost of hiring new people increases. This will apply to small businesses that have payrolls that approach the \$800 000 threshold, which is not a large business. If we think of wages in Western Australia and the cost of doing business, an \$800 000 payroll is not enormous. The CCIWA surveyed 606 of its members about the decision to increase the payroll tax burden. A clear majority said that payroll tax hikes would hurt profitability, curtail new employment, lead to lower pay rises for staff and hit new capital investment. It will impact on all the things we need small businesses to do right now; namely, expand, employ and innovate in an economy that has been too dependent on the resource sector. Of those respondents, 84 per cent of businesses were expected to be less profitable, 82 per cent were less likely to increase staff wages and 81 per cent were expected to hire fewer new employees. Three-quarters of businesses said they were unlikely to increase wages because of the deferral. According to the chief economist of the CCI, many small businesses were already planning around the increase, but this deferral will discourage them from putting on new staff for a further 12 months.

In an environment in which businesses are struggling and people are struggling to find employment, this government needs to be doing more to encourage that, not walking away from promises that will support this sector. I want to make the point that the federal government recognises small business as the backbone of the economy, having just announced \$5.5 billion worth of tax incentives in the federal budget tonight. The federal government announced \$5.5 billion and this state government is walking away from its promise to small business. It seems completely contradictory to me. One hand of the Liberal Party does not know what the other hand is doing. I thought the Liberal Party was all for business and all for the market but it does not seem so in this state.

In the context of employment in Western Australia, it is tough out there for people. It is tough for people who have left school; it is tough for people who are trying to train at TAFE; and it is tough for people who have been made redundant from a resource sector that they believed would go on and on. It is tough for them in an

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environment in which the government has not done enough to diversify and provide opportunities in other sectors such as the renewable resources sector, science and technology or in the area of greater health care and education services. This government has not done enough in those areas. People are coming off jobs on mines and looking for something to do. On 17 April, Alannah MacTiernan in an article in *The West Australian* states —

... the federal government should devise a jobs stimulation plan for Western Australia as a matter of urgency. Citing the loss of more than 25,000 jobs in the state's resources sector in the past year ...

That is 25 000 jobs in the state's resources sector. If we add up the list of jobs Hon Alyssa Hayden trotted out in the list of press releases in her contribution, it does not come anywhere near the number of jobs lost in the resources sector in the last 12 months. It is not as though this downturn is a surprise. Last week we saw the unemployment rate in Western Australia climb to 4.8 per cent. In *The West Australian* under the heading "downturn in mining takes its toll on WA jobs", it was reported as follows —

The number of WA men without a job has reached its highest level since the end of the nation's last recession as the slowdown in the mining sector hits home.

Figures from the Australian Bureau of Statistics show the male unemployment rate in WA climbed to 5.8 per cent last month, its highest point since the depths of the global financial crisis in 2009.

There are now about 47,000 WA men looking for work. Unemployment across WA sits at 5.7 per cent, up 0.9 percentage points on the same time last year.

Nationally, unemployment rose slightly to 6.2 per cent.

It is hard out there and it is grim for people. This government and this legislation will impact on them. I think it is vital that the Parliament know exactly what the impact of the Taxation Legislation Amendment Bill will have and that businesses likely to be impacted have the opportunity to present that information to the committee and then to the Parliament before it makes a decision.

The breakdown of unemployment in Western Australia shows that in the WA wheatbelt, it is 3.7 per cent; in Bunbury, 4.5 per cent; in Perth north west, five per cent; in Perth inner, 5.1 per cent—it gets worse—in Perth south west, 6.3 per cent; in Perth north east, 6.9 per cent; in Perth south east, 7.1 per cent; in the Western Australian outback, and I presume that is everywhere other than the wheatbelt and the south west, 7.4 per cent; and around Mandurah, 9.1 per cent. That is very high indeed. There are kids out there who need jobs and who need to be picked up by small business. This legislation will make it harder for that to happen.

More indications of a tightening market on businesses are as reported in *The Weekend Australian* under the heading "Optimism fades as the RBA turns gloomy on growth", and reads —

The Reserve Bank has slashed growth forecasts in a sober pre-budget report on the economy that warns the jobless rate will remain stuck above 6 per cent until at least 2017.

The RBA's forecast for the economy—expected to be mirrored in Treasury's estimates in Tuesday's budget—is much weaker than either Treasury or the central bank was predicting a few months ago.

It states further on —

The biggest surprise in the Reserve Bank's quarterly review of the economy, released yesterday, was a sharp cut in the likely growth for the year ahead from the 3 per cent it expected in February to 2.5 per cent ...

It also lowered estimates of growth in 2016–17 by 0.25 percentage points to 3.25 per cent and believes the slow economy will keep inflation no higher than 2.25 ... "The profile for GDP growth implies there will be excess capacity in the labour market for longer than previously thought," ...

Unemployment will be above six per cent until at least 2017; it will be higher for longer than previously anticipated.

Let us get all the facts out through the committee process and give the government an opportunity to do the right thing and change its mind and not impose this tax increase on small business. Nationally, unemployment will be around six per cent for the longer term and this government needs to do everything it can—pull whatever levers it can and push whatever policy settings it can—to ensure that it does not remain that high for that long.

If we compare WA's tax competitiveness and its ability to invite investment into Western Australia with that of other states, it now has the second highest payroll tax after Tasmania, coupled with a significantly lower threshold. Tasmania has a threshold of \$1.25 million and Queensland has a threshold of \$1 million. Other states are providing a better environment for organisations to invest in, so the small businesses are looking at expanding and opening

other premises. Why would they look in WA when they can employ people under better tax arrangements in other states? We need those businesses to be doing that in Western Australia, not in other states.

I support the motion that this legislation be referred to the Standing Committee on Legislation. It is important that legislation that impacts on the economic environment that our businesses operate in support these businesses to invest, expand, employ and innovate. They are the very words the Liberal Party used prior to the last election to describe how it wants to support small business. It is also critical that Western Australia remain a competitive place for businesses to do that. The government needs to rethink the legislation, get all the facts on the table and allow the Parliament to see the true impact of the legislation.

**HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition)** [7.58 pm]: I also want to add my words of support to the referral motion moved by Hon Adele Farina on the Taxation Legislation Amendment Bill 2015. I have listened very carefully to comments made by my colleagues and the amount of detail they have provided about some of the issues we are facing in our economy in Western Australia. Part of the difficulty is three separate pieces of legislation are to be amended at the same time.

It is taken out of context, so that while the bill has been before this house, we have been unable to consider the impact upon each separate piece of legislation. We have only a part. The idea of referring this legislation to a committee, albeit for a very short, sharp inquiry, is eminently sensible. We have had this discussion in this house over the past week or so about the potential difficulties for small business in this state because of this broken and deferred promise by the state government on payroll tax, but there has been no discussion about how this came to be. We know from the information provided during the briefings by the advisers that there was no consultation across the sector about these changes. If we refer this bill to a committee, we will then be able to afford those interested stakeholders the opportunity to have a say on this legislation.

I know that we are probably on a hiding to nothing because, even though the government benches are relatively empty tonight, I dare say that when the bells ring, they will come in and vote accordingly to prevent this bill from being sent to a committee, which will be a real shame. We all know the value and the significance of parliamentary committees and the great work that they do. The chamber and this bill would be the beneficiaries of the work that the legislation committee would do in having a look at the aspects outlined in this referral motion, which, as my colleague Hon Amber-Jade Sanderson has said, are the actual words used by the Liberal government prior to the election. They are very good words, and we would support them. We would want to have a state government doing whatever it could to enable Western Australian businesses to invest, expand, employ and innovate. This is very strong, emotive and exciting language, and it is a real shame that none of that has been delivered since the election. I know that we talked about these matters to some extent in the second reading debate—about the problems faced, particularly by the small business sector in this state, which has been promised so much by this government both in its first term and in its current term. All those promises have turned to salt, if you like, because the government has been unable to keep its commitments or has had to defer them. We are constantly seeing industry being punished for the poor fiscal management of this state by this Liberal government. Again, this is just another example.

When we are dealing with legislation, we need to ask who will benefit from it. Who will benefit from this legislation is a very good question that should be handed to the legislation committee, so that it can put it to the stakeholders and determine what their response would be. I think the response, particularly from the small business sector, would be “Not I”. The only beneficiary we would find at the end of that examination would be the current state government, benefiting from the changes outlined in this bill, because, as I said in my second reading contribution, this bill is all about this government being desperate enough to try to be creative and find ways to pull the dollars back in to fill its gaping black holes of financial difficulty. We know that the government is going through some tough times, some within its control and some not.

**The ACTING PRESIDENT (Hon Simon O’Brien)**: Order! The Leader of the Opposition knows not to pass between the member speaking and the Chair.

**Hon KATE DOUST**: Thank you, Mr Acting President. I must say that it is the Leader of the Opposition’s birthday today, so she is probably a bit excited and moving around the chamber.

**Hon Sue Ellery**: Talking about payroll tax has been particularly thrilling as well.

**Hon KATE DOUST**: Anyway, you have distracted me now!

We know that the government has problems of its own making and problems that are beyond its control with the iron ore prices. However, matters within its control include what some members have referred to as these vanity projects. I was interested to hear the only member from the government benches to rise to her feet during the entirety of this debate, Hon Alyssa Hayden, try to mock my colleagues about their references to vanity projects, implying that they had got it wrong. She referred to the numbers of people who had been employed on those

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projects. I think she mentioned a figure of about 26 000 people and many businesses. What she has not talked about is the number of employees on some of those projects who have not been paid—the number of businesses that have struggled financially because the government has not put into place its own arrangements to ensure that those business actually get paid for doing the work they do on government projects. Since the election, the government has been very intent on making sure that when it is caught short, it brings in legislation. The legislation has usually been brought in very quickly, without a lot of explanation or any detail.

**The ACTING PRESIDENT:** Order! I am sorry to interrupt the member, particularly on this special occasion. The member is addressing the motion that has been moved. She is not making a second reading contribution, nor is she responding to matters introduced during the second reading debate. The motion for referral is very wide, but it is not so wide as the matters that the member is canvassing. I know that she is about to return to the substance of the motion, because that is what she has to do.

**Hon KATE DOUST:** Thank you, Mr Acting President. Is it not wonderful to get assistance from over that side of the chamber?

**The ACTING PRESIDENT:** Order! The assistance that we need is the advice from the Chair that what you have to offer has to be relevant to the question before the house, or else you have to sit down. I invite you to now stand and continue to address the motion.

**Hon KATE DOUST:** I will indeed; thank you very much, Mr Acting President. You are right: I was working my way back to talking about why this bill needs to be referred, and it is not just because of the government's financial mismanagement. As I said earlier, all those people who will be impacted by this legislation need to have the opportunity to have a say on the policy behind this bill, and to provide their view about how it will impact on their businesses, how the increase in land tax will impact on them, and how the changes around superannuation will impact on them. These are three key elements of this legislation on which we know there has been no consultation. Sending this bill to the committee will enable that to occur. It would not happen in this chamber to the same extent. I pick up on a speech made by Hon Simon O'Brien back in 2006, when he was speaking to a referral motion for the Owner–Drivers (Contracts and Disputes) Bill 2006. He provided a very articulate set of reasons for referring a bill to the legislation committee.

**Hon Sally Talbot:** Is that the Simon O'Brien?

**Hon KATE DOUST:** The Simon O'Brien, the member for South Metropolitan Region. It was a very coherent argument. I would have to go to the end of the *Hansard* to work out whether his motion to have that bill referred was successful. We should always remind ourselves that we are the house of review. That is our primary task. We should be casting a very fine eye over the legislation we are dealing with, and we should not just be casting a cursory eye over it and letting things go through to the keeper.

**Hon Peter Collier:** A cursory eye? Every single one of you has spoken for your full time. That is not a cursory eye.

**Hon KATE DOUST:** We made our comments, minister, but we should pay greater attention to the detail. I am quite happy to go through it line by line. I was going to say that we are not afforded the same opportunities in this chamber, as you well know, Mr Acting President, because you have said it yourself, when we are just dealing with the minister and his advisers. It is a very abrupt type of arrangement; we cannot extract all the information. If the bill is referred to a committee, particularly the legislation committee, that committee is afforded the opportunity to advertise.

**Hon Sally Talbot:** We don't have the minister responsible in the chamber; we have only the minister representing.

**Hon KATE DOUST:** That is not my problem.

**Hon Peter Collier:** We have the advisers. I will answer all your questions. I've always answered all your questions, if you give us a go.

**Hon KATE DOUST:** I am trying to speak. I have been encouraged by the Acting President to speak and I am trying to do so but the minister keeps interrupting me.

If this bill were referred to the legislation committee, it would have more opportunity to gather information and viewpoints. It would be able to advertise and promote its inquiry and send a message to the community that it is interested in the community's views. We know that this is a big issue for parliamentary committees in this day and age. We are trying to prove that we are relevant and ensure that we directly connect back to the community. By sending this bill to a committee, we would be able to send that message to members of the community that we want their viewpoint and we want to hear from them about this legislation and about the policy behind the legislation. They can tell us what they think of all the broken promises made by this government that have led us

to deal with this bill. The committee can advertise and call for submissions. It can write to the key stakeholders who are directly impacted by this legislation and seek their views. The committee can write to the relevant ministers and ask them what this legislation is about. It can ask the questions the committee might raise directly about elements of the legislation. It can seek clarification of elements of the legislation. It can draw in experts to give advice on the bill. It can draw in specialists who might provide more of an academic background to the legislation that it is dealing with. It can then hold hearings and call people in to give evidence. We have all had that experience. I find it highly educational because we get all sorts of interesting viewpoints and perspectives on a matter. The range of inquiries that I have been on over the years were very informative. They help to skill us up as members so we can come into this chamber and articulate in a much better way how we will deal with legislation. The staff working with us on those committees also help to educate us on the language that is used in the legislation so we can do our job as legislators and improve the bill where we can or make it more workable.

All those mechanisms are not available to us in the house when we deal with a bill in Committee of the Whole because of the structure of that arrangement. When we have before us a contentious bill or a bill that perhaps needs to have more work done on it or be explained better, sending it off to a legislation committee or another parliamentary committee in other circumstances is much more appropriate. At the end of the day, once that work is all done, as this referral motion points out—if it is supported—that committee would probably have a month to report back to the house. It would provide a report after it had assessed the bill. It would point out any issues that had been canvassed via hearings or submissions and it would possibly make recommendations. Having that report available in the house informs us as members, it gives us guidance and it also assists the minister involved. We have had that experience. The Standing Committee on Uniform Legislation and Statutes Review that I am currently on dealt with the Medicines, Poisons and Therapeutic Goods Bill 2013 last year, a piece of uniform legislation. As a result of the work done by that committee, Minister Hames decided that he would gut a significant part of that legislation because the committee was able to provide evidence to him about why it was not workable for him as a minister or for any future minister to keep that part of the legislation. If the committee had not done that work and the bill had been passed without being referred to a committee, he or any future minister would have discovered significant problems, that bill would have been unworkable and that minister would not have had the same capacity to have had input into any future changes that would have impacted on Western Australia. That is just one example.

We can go back over any committee reports and work that has been done over the years, be it work on petitions or the work of the legislation committee. The report of the Joint Standing Committee on the Corruption and Crime Commission was fairly significant. Various State Administrative Tribunal reports have come out of the legislation committee. The Alcoa report that was done by the Standing Committee on Environment and Public Affairs produced a substantial report on Alcoa back in 2004. After three or four years of work, that report led to significant changes in the way that company operated, resulting in significant expenditure to modify its equipment at Wagerup to try to do everything it could to prevent emissions. Those are a few examples of the benefits of referring a bill to a committee. I would hope that if this bill were referred to a committee, and if all those groups in our community—be they businesspeople, the Chamber of Commerce and Industry of Western Australia, community groups or individual businesses—wanted to have a say, they would have that opportunity because currently they do not. All they get told is what they read in the paper. Quite often, that is the only way they find out that legislation is going through. They might get a letter sent out to them from government departments saying, “Guess what? The payroll tax you thought you were getting this year is not going to happen.” I know that Hon Alyssa Hayden said that it would be a great surprise for them and it is all good news because it will kick in in 2016–17. I think the surprise will be that the promise might be kept. It would be far better for these people to have a say about how the change to the payroll tax threshold will work for them. Will it prevent them from employing people? Will it cause them difficulties in how they instigate innovation through their business and how it operates? Will it cause them difficulties in attracting investment into the state and into their business? Will it cause them difficulties if they want to expand their business? My colleagues have talked about the difficulties that a lot of businesses are facing. Almost every week we have seen a significant loss of jobs in the mining sector—not just 10 or 20 people, but hundreds of people. That makes it very tough for people who come back to the city looking for work. Small businesses fall away as a result of those difficulties. I think that the business community, certainly in Western Australia, looking at the issues around payroll tax certainly deserves to have a say. It certainly should have a say in the policy behind the bill.

I had cause this afternoon to look back on other referral debates. I was heartened and enthused to see that, in the past, so many of my colleagues on the government benches have been very enthusiastic about referring pieces of legislation to committees, all of them pretty much for the same reasons that I have already outlined. They understand the benefits and the value of the work of parliamentary committees. Hon Simon O’Brien was not the only member enthusiastic about it when he dealt with his referral motion. Unfortunately, I do not have the results of the division on that motion, but I am sure that we will look that up afterwards. Another piece of legislation

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that I think only a few members might recall is the Yallingup Foreshore Land Bill 2005. There was a referral motion on that occasion. I recall that it was a highly contentious piece of legislation, one that had been around for many years. Hon Peter Collier spoke on that referral motion. I will quote from *Hansard* of the time. On Thursday, 13 April 2006, Hon Peter Collier said —

I am conscious of the significant role the committee system plays in this Parliament, particularly the role of the Standing Committee on Legislation. That is why I would like this bill referred to that committee. The committee system is an extension of the parliamentary process. Its role is to scrutinise legislation much more thoroughly through the avenue of public and government witnesses ... I am very conscious of the fact we should not deny such eminent opinions on this bill. The committee system does work and we should not deny the Legislation Committee the authority to scrutinise this vital piece of legislation.

I think Hon Peter Collier's words from way back in 2006 probably ring just as true tonight. He went on to say at a later stage of the debate that he could not understand why the government should oppose the referral. I will repeat that from our side: I do not know why this government would oppose any referral to the legislation committee. He said —

It will offer an opportunity for further scrutiny and fairness; that is all I ask in my contribution to this debate. I cannot see how on earth the government can deny that request in the interests of fairness.

I fully agree with that. Now that I have found this *Hansard*, every time we have a referral motion, I will probably remind Hon Peter Collier of the words he said in support of referring that bill to the committee.

I went back little bit further, because one of the things this government has always talked about is accountability and transparency. I thought that we cannot really tick the boxes on that because we have had so many examples of when it has not happened. What we find in this place is that a number of bills are rushed through and we do not have a lot of opportunity to send them off to parliamentary committees. I am not sure whether the Standing Committee on Legislation currently has a bill in front of it; the referral a couple of months ago of the Succession to the Crown Bill —

**Hon Donna Faragher** interjected.

**Hon KATE DOUST:** Is it still with the legislation committee?

**Hon Donna Faragher:** Yes, it is.

**Hon KATE DOUST:** I look forward to that report. I think there have been only three or four referrals —

**Hon Donna Faragher:** There have been meaty ones—the Workforce Reform Bill 2013.

**Hon KATE DOUST:** That was a substantial and very important one, and one that should automatically have gone off to the committee. What I am saying is that the committee probably does not drown in the level of work that it might have had, say, 10 years ago when the member was in opposition and bills seemed frequently to be sent off to the legislation committee for a thorough going-over.

Hon Peter Foss made comments in this chamber back in 2004 about the Limitation Bill 2004. There had been an attempt to refer that bill to the legislation committee and it might have been successful on that occasion. At the very beginning of the referral motion, Hon Peter Foss said —

There is a growing concern amongst members of this House about the way in which the Government has tried to deal with a number of extremely important pieces of legislation. I do not for one moment demean the importance of those Bills, but they are of long-lasting, not just short-term, importance. They do not seek only to address short-term problems, although they do address some such problems.

Those words, said back in 2004, are still absolutely relevant today. We do see bills getting put through and I know that a lot of members, maybe because of their workloads, might not necessarily pay attention to the detail of all those bills and may not understand that when legislation is passed through this place, it is for the long term. So we as members have to make sure that we do the best we possibly can and go through the detail of those bills. There are occasions when we need to send pieces of legislation to a committee so that it can have a good look at them. The beauty of our committee system is that it is very different from the environment in the Committee of the Whole House, which is a sterile environment in which we are just batting questions backwards and forwards. It is disruptive and it moves and shakes depending upon the time of day, so it can be quite disjointed. By contrast, the legislation committee is a different environment, and we all know that. Committees are made up of a mixture of members from across the political spectrum and people actually want a good outcome. They might not necessarily agree about how they get to that outcome, but, on the whole, most members work really well together because they want a really good report and a good outcome; they want to improve the legislation. They are able to work in

a much better environment in which they are not acting in such a disjointed manner. If they need to seek information, they have the opportunity to call people in and talk to them, and they can go through that process without being disrupted. It is a vastly different environment in which committees operate. They can gather all that information so that they can better inform the house rather than just going through the Committee of the Whole. The Committee of the Whole may work on some bills that are non-contentious or not disputed, or on brief bills for which there might be only the odd question; but for a bill on which so many members have risen to contribute to the debate and talk about their concerns, we have to ask ourselves whether we want to go through the elongated Committee of the Whole debate that is just backwards and forwards and in which we cannot engage in a proper discussion or look at the policy behind the bill or bring in the stakeholders to ask them what they think and how we can do things better. We cannot do those things here, so by referring this bill, we would be providing a better service to our communities. We would be affording them the opportunity to provide their views on a piece of legislation that they have not yet had a proper opportunity to discuss how it might impact upon them. It is not just looking at the first question about the investment expansion, employment and innovation, which are all very important questions and need to be canvassed with those various groups, but also looking at the second question about tax competitiveness. I know that some of my colleagues have touched upon that. I think they are two very important areas, given the nature of the legislation we are dealing with, that need to be canvassed. I would imagine that if this legislation were to be sent to the committee and the committee had the opportunity to seek expert advice about aspects of the bill, clarification about the impacts and responses to the questions laid out in the referral motion, at the end of the day, when the report came back in, we as members would be much better informed. It would actually reinforce the value of the work our house does in our parliamentary committees. Also in terms of our community, I think it would actually re-establish some of our relevance. Sometimes members of the public come to parliamentary committees and they are not really sure how the system works and what happens, but I think we need to break down some of those barriers and make our committee system more user-friendly to the public so that if they have a view on a matter that we have actually sent to a committee, they are able to provide that view to us because at the end of the day it is their view that is important because whatever we do in here impacts upon their life and their lifestyle, so we should do it well and not badly. The idea of discharging the bill from here and referring it to the legislation committee is eminently sensible. I know that other members will probably want to put their view on this.

As well as talking about the views that have been shared in the past, I must say it was very interesting to go back through a whole run of referral motions. I had forgotten how frequently we used to hold these debates in the house in the past; we do not do it as often now, and perhaps we should. I know that the Leader of the House, Hon Peter Collier, has said from time to time that he would send bills off. I remind him of his predecessor Hon Norman Moore and his final comments to the house; it was like he had had an epiphany when he said that perhaps there should have been more referrals to the committee. I cannot recall his exact words, but I think that was the gist of it.

**Hon Sally Talbot** interjected.

**Hon Peter Collier:** You've had plenty of bills sent to the committee.

**Hon KATE DOUST:** If the Leader of the House goes back to the early 2000s when Labor was in government, he would see that a significantly larger number of bills were referred to the legislation committee, and substantial, well-worked-through reports were brought back into this house with significant numbers of recommendations for change to make the legislation better. It does not matter which side of the chamber we are on; we are not always going to get a great piece of legislation, and it is our job to make sure it works better. If we find a piece of legislation that is either not constructed appropriately or is unworkable in a practical sense out in the real world, it is our job to make sure that it does work. One of the ways of doing that is to send it to the committee so that it can shine a big spotlight on it and work through the legislation to make sure it is appropriate.

If members are interested in this—they should be, because parliamentary committees are a significant part of our work—quite a bit of research work has been done on parliamentary committees, the relevance and significance of parliamentary committees, and how they are an important part of making sure that Parliaments, particularly upper houses, continue to be relevant in the eyes of the community, and perhaps even in the eyes of the Premier, who I know is a great advocate for removing this place. I might refer members to some comments made. A series of works have looked at various states and their parliamentary committees. Sadly, I could not find any relevant to Western Australia, but maybe we should encourage someone to look at how our committee system operates. I think Dr Martin Drum is currently doing some research work on Western Australian parliamentary committees. I do not know whether it is in line with the type of thing that I am just about to go through, but that might be a useful piece of work. My first article is titled, “Committees in a unicameral parliament: impact of a majority government on the ACT Legislative Assembly committee system”. It states —

‘the principal purpose of parliamentary committees is to perform functions which the Houses themselves are not well fitted to perform, that is, finding out the facts of a case, examining witnesses, sifting evidence, and drawing up reasoned conclusions’

It does not matter whether it is an Assembly or a Council chamber, those principles would apply. Another article is titled, “Parliamentary Committees are Important in Developing Policy: Evidence from a Queensland Case Study”. Again, this article is based on another unicameral Parliament and is written by Lyndel Bates. It states —

Additionally, the cross-party nature of committees provides an environment that encourages members to engage in debate and make recommendations without an overt focus on political considerations ... The parliamentary protections and transparency of parliamentary committee work is one of its strengths.

We need to reinforce that, and one way is to send legislation to the committee so that members can practise developing or honing those skills and learn how legislation works. The Taxation Legislation Amendment Bill 2015 is an amending bill. As I said in my opening remarks, this chamber has not had the opportunity to look at how the changes in this bill fit in with the substantial pieces of legislation. We will not get that opportunity when this bill goes through its second reading and into Committee of the Whole. We will simply work through each part of the bill and we might ask questions about elements of this bill, but we will certainly not get the opportunity to look at how those elements fit into the substantial pieces of legislation. But if this bill were sent off to a parliamentary committee, the committee would have the opportunity to look at not only how it stands now, but also how it amends those other bills and makes the fit. At the end of the day, we need to do this because the government is so desperate to fix its financial issues that this bill has been rushed through both places. The government has targeted the small business sector and slowed down on a commitment to provide assistance to the small business sector, which would actually enable it to do all those things listed in the first dot point about investing, expanding, employing and innovating. The decision to push this bill through as it currently stands will not deliver on that commitment. The Leader of the House might yawn, but in the past he has been a big supporter of referring bills to committees. It changes when members shift to the other side. If the Leader of the House really wants to do a good job in this house, he will support the referral of this bill so that the Standing Committee on Legislation can have a good look at this bill. It can call in the stakeholders and ask their opinion and have a thorough investigation. It can then bring a report back to the house and tell us how this bill —

**Hon Peter Collier:** The member knows it does not need to go to a committee.

**Hon KATE DOUST:** It does need to go to a committee.

**Hon Peter Collier:** It is political nonsense. It is absolute nonsense and the member knows it.

**Hon KATE DOUST:** Not at all.

**Hon Peter Collier:** She is just playing games.

**The ACTING PRESIDENT:** Order, members!

**Hon KATE DOUST:** Thank you, Madam Acting President. I appreciate that members of government never want to send off their bills. I know that the Leader of the House does not want it to happen because he does not think it is appropriate; he just wants to get the bills through as fast as he can. Half of the government members would not have read this legislation. In fact, half the government members are not in here. They do not know what the government is doing. Let them go out and explain to the small businesses in their electorate what this government is doing to them.

*Point of Order*

**Hon SIMON O'BRIEN:** There is a long-established convention among members of this house that when members are absent from the chamber and it is in session, we presume that they are absent on urgent parliamentary business. Several times during the course of this speech, aspersions have been cast on government members doing just that.

**The ACTING PRESIDENT (Hon Liz Behjat):** Thank you, Hon Simon O'Brien. It is not a point of order but perhaps Hon Kate Doust will confine her remarks to the motion at hand and not make commentary about members who may be absent from the chamber on urgent parliamentary business.

*Debate Resumed*

**Hon KATE DOUST:** Thank you Madam Acting President, and you are right; it is my mistake, I forgot the protocol. Even if a member is absent on parliamentary business, that is no excuse. Quite often, members will be sitting in the chamber and still not be engaged in what is going on.

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Before I was so rudely interrupted by the Leader of the House, I was trying to say that I appreciate that members on the government benches have a job to do and that they just want to bang legislation through, and that not all of them will want to engage with it or read it or understand its implications. All we ask the government to do is to refer this bill and let the committee do its job of analysing the bill appropriately and seeking the proper information and viewpoint from the people it will directly impact. The Leader of the House does not think that that is important, which is a real concern. This government does not think those viewpoints are important and because of that attitude —

**Hon Robyn McSweeney:** She is on her high horse.

**Hon KATE DOUST:** I am not on my high horse. I have heard the member make that reference to a number of members today. Perhaps the member needs to get to her feet occasionally and stop mumbling in the back row. I think it is a real issue that the government takes the attitude that it does not want to send this bill to the committee, and that it is not interested —

**The ACTING PRESIDENT:** Order, members! Hon Kate Doust, you have the call but I ask that you refrain from making personal commentary on people in the chamber about what they may or may not do, and continue talking on the motion at hand.

**Hon KATE DOUST:** I was just responding to a comment made to me. But Madam Acting President, you are right; I should have a thicker skin and just ignore it. This government has demonstrated time and again its appalling attitude towards the business sector in this state. It has constantly taken away from particularly the small business sector a number of measures and mechanisms that would assist it to thrive and survive. The government has removed the training vouchers for small business and it is about to remove the 25 small business centres and recreate new zones. Nobody knows how that will end up. Through my office I have spoken with a number of those organisations and not all of them were consulted. Thursday will come as a big shock to a lot of them and what will happen in their communities —

**Hon Simon O'Brien:** None of that is in this bill.

**Hon KATE DOUST:** It may not be in the bill, but it is all about this government's poor attitude. We are now dealing with issues around payroll tax and land tax, which will impact upon small business and larger industry. We need to refer this bill to a committee so that there can be a proper and open debate with those people who will be impacted. They should be able to articulate to the Standing Committee on Legislation how they will seek investment, expand their business, employ new staff, apply innovation to their businesses and compete on a competitive basis with other states under this new system put on them by this legislation. We are just asking the government to give them a fair go. Give them a hearing and find out how this can work, if it will work. Send the bill off to the committee so that the committee can do its job. We will have a much better outcome than what can be achieved in Committee of the Whole. This will be a better piece of legislation if it is referred to the committee.

**HON SALLY TALBOT (South West) [8:39 pm]:** Thank you, Madam Deputy President.

**The ACTING PRESIDENT (Hon Liz Behjat):** Madam Acting President.

**Hon SALLY TALBOT:** Madam Acting President, I was trying so hard there—I am sorry.

**The ACTING PRESIDENT:** I know it is confusing for people.

**Hon SALLY TALBOT:** I was listening to your coaching of other members earlier in the evening.

**The ACTING PRESIDENT:** I give out gold stars when people get it right three times in a row!

**Hon SALLY TALBOT:** I rise to support the motion but I fear that after the excellent attempts by first of all, Hon Adele Farina, the mover of the motion, then by the Leader of the Opposition, Hon Sue Ellery, Hon Amber-Jade Sanderson and finally, Hon Kate Doust, if they have failed to convince the government of the need to support this referral, then I doubt that I am going to succeed when they have failed because, to my mind, having listened very carefully to every single one of their arguments, they put forward an argument that is absolutely compelling; absolutely watertight. Yet, this government is deaf to reason when it comes to the proper way to handle a piece of legislation like this. I thank Hon Kate Doust for drawing our attention to the history of some of the relatively recent debates—within living memory in terms of the memory in this chamber—about referrals to committee. These debates, of course, are conducted on extremely narrow lines, not as Madam Acting President—perhaps you could wear a label?

**The ACTING PRESIDENT:** Wear a hat with my name on it?

**Hon SALLY TALBOT:** Yes.

**The ACTING PRESIDENT:** Okay.

**Hon SALLY TALBOT:** With a big flashing sign.

Madam Acting President and her predecessor in the chair pointed out very eloquently that we have to stick to the terms of the motion. I was interested in hearing that potted history that Hon Kate Doust gave us. It struck me that if people of the experience and competence of Hon Simon O'Brien—who I see is absent from the chamber on urgent parliamentary business—were able to put up such spirited arguments about referring such excellent pieces of legislation to a committee, how much more fun he would have if he would only swap sides in this chamber and join us. He could look at some of the legislation that is being waltzed in here now on an almost daily basis and see the calibre of this legislation, the lack of consultation that has gone into the process of putting the legislation together, and the poor arguments that are mounted in its defence. As Hon Adele Farina said, it seems that the Liberal Party and the National Party just do not care.

I will point out at the beginning of my remarks something that the previous speakers have alluded to. I want to go into a little bit more detail about the process in this place. Hon Peter Collier, as Leader of the Government in this place, is obviously getting frustrated by this process. He thinks that he has given us sufficient time to debate this bill and that we ought to just get on with it. He is offering us an extended period of time at the table in committee to consider the bill clause by clause, and I for one am looking forward to that stage because I can do the numbers and I do not think that Hon Adele Farina's motion is going to succeed. But the problem is that members will notice that I use the word "debate". I point out to Hon Peter Collier, through Madam Deputy President —

**The ACTING PRESIDENT:** Madam Acting President.

**Hon SALLY TALBOT:** I just point out through Madam Acting President that a debate in this place is something that we have not had. Hon Peter Collier gets up as the minister with carriage of the bill —

**Hon Peter Collier:** One hundred years of history; what does the member want to change it for?

**Hon SALLY TALBOT:** We have not had a debate in this place, Hon Peter Collier, because every speaker on this side of the chamber, including, from memory, at least half the Greens, decided that they wanted to have their say.

**Hon Donna Faragher:** That was actually almost funny!

**Hon SALLY TALBOT:** Maths was always my strong point—not!

Before each one of those contributions from this side of the house, we waited to see who was going to jump from the other side of the house because, Hon Peter Collier, that is what a debate is. It is when we hear his arguments; it is when we hear people —

Several members interjected.

**Hon SALLY TALBOT:** I do believe that, absolutely. Would I stand here and talk about something that I did not believe in from the bottom of my heart? That is what I believe the debate is about.

**The ACTING PRESIDENT:** Order, members! There are too many interjections going on. I am listening very closely to Hon Sally Talbot's contribution with regard to process and it is very interesting, but I remind her that the motion in front of the Chair is not to do with standing orders or process. It is to do with the referral motion moved by Hon Adele Farina.

**Hon SALLY TALBOT:** The motion is an excellent one and I am speaking in support of it. I am simply pointing out as a preamble to my remarks that we would perhaps not need to be doing this if we had heard a decent argument from the other side. I hope that Hon Peter Collier will make an extended second reading summary should this motion not be successful. I hope he will, but that is not always the case. Sometimes ministers decide that they just want to get into committee, but at least that will help us. I understand that that may shape some of the debate that will then go on in the committee stage. The problem is that we are looking only at this motion to refer because we have not heard substantive arguments from the government. I put it to all honourable members of this house that the second reading speech is not an extended argument about the substance of the bill and that is exactly what we need to do. I want the government to have another look at this motion and I want it to see it not as a threat, but as an opportunity. It is a golden opportunity that is being handed to it by the opposition in this place. It has been so well crafted by Hon Adele Farina that she has given the government words with which it is very familiar because they are its own words. If the government truly believes that this is the correct course of action for Western Australia, the government should embrace this motion—it should support it wholeheartedly. If Hon Peter Collier gives me a sign, by some sort of body language, that he will support the motion, then I promise him that I will sit down right now; we will pass the motion and then we can move on with the next piece of legislation.

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**Hon Peter Collier:** No—absolutely not; there is no way and under no circumstances. Members opposite have had a week and a half. Why does the member not sit down and we can go into the committee stage and members opposite can have three weeks at the committee stage?

**Hon SALLY TALBOT:** That is not what I am going to do.

Several members interjected.

**The ACTING PRESIDENT:** Order! There is one person with the call and that is Hon Sally Talbot. Please be respectful of Hansard who tries very hard to get down our words.

**Hon SALLY TALBOT:** That absolutely, of course, is not what I am going to do because that was not the option that I gave Hon Peter Collier. I said I would sit down if the government would support the motion. It was not an offer to sit down and go into committee.

It is an opportunity. It is couched in terms that the government should understand. We have to assume that it understands because it wrote the words originally. That is what it was offering to businesses in Western Australia—the opportunity to invest, expand, employ and innovate. We could recast this opportunity as a kind of Treasurer protection plan because, after all, the Treasurer that we have at the moment is making the third attempt to rein in the current Premier’s spending spree. It does not look as though he is going to be particularly successful. In fact, the Treasurer himself has all but conceded defeat on the task of reining in the Premier’s spending spree. If the government supports this motion and the bill goes to committee, it will be an opportunity for the committee to test the arguments that, somehow, by some mechanism even the government at the moment is not able to explain, spending and debt have been brought under control. That is not obvious at the moment; not to members of the opposition, not to members of the business community and not to the wider community of Western Australia. I suggest that this motion represents a golden opportunity for the government to defend its position. That position is looking decidedly weak at this moment. It is looking weak for one particular reason. I listened very carefully to the four speeches preceding mine, because I know it gets a bit tedious if we are all covering the same ground, and I am attempting to cover some different ground, although some of it does bear repetition. I made the point in my contribution to the second reading—I will not repeat any of that material—that there is no narrative or coherence around what the government is trying to do. I put it to honourable members that that presents quite a serious problem when it comes to the Interpretation Act.

Not only have I still got laryngitis but it is also very smoky tonight.

Those members who are familiar with Western Australian legislation know that we ought always to have reference to sections 18 and 19 of the Interpretation Act when we consider referral motions. Sections 18 and 19 of the Interpretation Act make it clear that when a provision of written law is open to interpretation, that is, when a body attempts to interpret them, we should look for —

... a construction that would promote the purpose or object underlying the written law (whether that purpose or object is expressly stated in the written law or not) ...

That is very clear in section 18. This is the kind of detail to which a committee can drill down. Remember that the reason I referred to section 19, as members who know their Western Australian acts will know, is that it refers to the range of material that can be taken into account in trying to determine the intent of an act. One of the things it includes is a committee report, so a committee report becomes part of the legal substantiation of the objects of a bill. I put it to members that when we have a bill that explicitly contradicts a previous statement that the government has made, the intent of the bill is far from clear—indeed, it may not actually exist, because it exists only as a direct contradiction of itself.

We use the Standing Committee on Legislation for different reasons. Sometimes it is to iron out contentions, and sometimes to conduct an inquiry, as honourable members have referred already, such as the current inquiry about the demise of the Crown, to clarify a very unclear part of law going back a couple of centuries. In this case, I think that we can have direct reference to sections 18 and 19 of the Interpretation Act. We need a committee of inquiry to sit alongside, not just the bill itself, the second reading speech, the explanatory memorandum and the second reading debate, but also consideration in committee, because when we are dealing with a direct contradiction, it is vitally important that we shine some light into those dark corners. That is a reason that perhaps has not been raised by others for why this referral is so apt.

Previous speakers have referred to the Economic Regulation Authority report. The final version of that report has been around for a couple of years now; it is very long and complicated and goes into all sorts of nefarious aspects of the Western Australian economy. The ERA final report was made public on 30 June last year and it contains an extensive section on payroll tax, which I will refer to later if I have time in my comments, otherwise I shall have to leave it to the committee stage. The section in the ERA report on payroll tax is particularly

interesting. Perhaps I will leave most of my comments about the ERA report to a later stage of the debate, because I know that Hon Sue Ellery referred to it in some detail, but I will draw members' attention to the list beginning on page 243 of that report on the point that other members have made about the fact that a committee is able to call evidence from different witnesses. I know that we are all thinking about the Chamber of Commerce and Industry of Western Australia and the Chamber of Minerals and Energy and other groups that periodically and regularly make submissions to government and always cc the opposition into those comments so that we can play our role as an opposition. I was interested in reading the much more extensive list of organisations that made submissions in response to the draft ERA report. This is not a complete list, because the report refers to a number of organisations that made submissions in response to the draft report, for example, the Alcock Brown-Neaves Group, the Association of Mining and Exploration Companies, the Civil Contractors Federation of Western Australia, the Master Builders Association of Western Australia, the National Retailers Association and the Small Business Development Corporation. All those organisations, in fact, argued that payroll tax should be abolished. Those organisations would certainly be at the top of my list of people to call in as witnesses to talk about what the government is proposing to do with this bill, because they all clearly have arguments, which they promote confidently, about these sorts of changes. I would not mind betting that their comments would not be flattering to the course of action the government is proposing that we should follow.

I see that Hon Alyssa Hayden has returned to the chamber from her urgent parliamentary business and I note the rather extraordinary comments that she made as the only government member who spoke on this bill, apart from Hon Peter Collier, when she seemed to be suggesting that people should just suck it up.

**Hon Alyssa Hayden:** I did not say that. You are misrepresenting what I said.

**Hon SALLY TALBOT:** I think the member basically did.

**Hon Alyssa Hayden:** I didn't say that at all. You're misleading the house and the community.

**Hon SALLY TALBOT:** I do not think I am, and I think the member can read *Hansard* tomorrow, if she does not think that is what she said. I did hear her comments in her speech and I also heard her interjections about the case study.

**Hon Alyssa Hayden:** I have total respect for small business.

**Hon SALLY TALBOT:** Yes, but the member has a particular definition of small business that includes no-one who is upset by what the government is doing. That is a little bit of a contrivance, because people on this side of the house actually understand what it is to advocate for the rights and working conditions of people who rely upon small to medium-sized businesses. A lot of those businesses will be slugged by this impost and the changes that the government is making. I certainly hope Hon Alyssa Hayden will substitute herself onto the Standing Committee on Legislation to take part in this inquiry, because she would find many of those witnesses' evidence to be quite illuminating. I make that point about the Economic Regulation Authority report, and if I have time later in my contribution, I will come back to a few more of those comments.

I have more reasons that I think we should support the referral, and I am trying to pick out things from my very extensive list full of orange stick-ons and numbers about why this is a good idea. I am trying to pick out things that other speakers have not covered. I looked at the formulas in clauses 13 and 14 of the bill, but I think there are other clauses in which formulas are mentioned. I have already referred to the fact that section 18 of the Interpretation Act specifically includes the explanatory memorandum as one of the documents to which courts and others may have reference when attempting to understand the objects of an act. In my second reading contribution I expressed surprise that we now put algebraic formula into explanatory memorandum. A closer look at those clauses of the bill suggested to me that those problems might go even further. Because I did not raise it in my second reading contribution, I doubt Hon Peter Collier will respond to it in his reply to the second reading, but certainly it could be raised during the Committee of the Whole. How much better would it be if we were to devote the energies of a select committee to look at how those formulae are supposed to work? I think they are extremely obscure. However, what has worried me much more than their obscurity, and recognising that people who are trained to do accounts and deal with taxation legislation have skills and experience that I certainly do not possess, after looking again at those clauses it is far from clear who is supposed to do the calculation. It is unclear to me, after extensive consideration of the bill in the upper house and after all the hours spent on it in the other place, who is supposed to do those calculations. When I first read the bill I assumed that the government was attempting to give taxpayers the mechanisms to do the calculation themselves, much in the way that ordinary taxpayers—that is, not businesses—would read the taxation legislation. However, on closer examination, it is not at all clear to me that that is indeed the case. That is why we should use the resources of a select committee and the kind of expert advice that a select committee would call—again, I am not in any way wishing to derogate the experience and calibre of the advisers that will assist the minister during the committee

stage. I think we probably need to hear from people other than Treasury officials about how the clauses with those formulae are supposed to work. I cannot see why we have not set amounts in the legislation. We seem to be allowing it to devolve to the Commissioner of State Revenue to operate these formulae and then, presumably, to publicise the formulae to the wider community. I do not think that is how taxation legislation is supposed to work. I am not sure whether it is a case of people being lazy, being derelict in their duties, perhaps passing the job or responsibility of doing those calculations to somebody else, but if it is not up to individual taxpayers—of course, in this case I am clearly referring to people who run businesses—to do the calculation, then surely we are creating a bookkeepers' heaven. I understand from some reading I did in the past couple of weeks on this bill that Australia has the highest rate in the whole of all Organisation for Economic Cooperation and Development countries of accounts that are not done by the individuals with responsibility for paying tax, whether that is an individual taxpayer or a business. In other words, we have the highest rate of tax returns that are prepared by employing people to prepare our tax returns, and that is a direct reflection of the complexity of our taxation legislation. For goodness sake, we are a state Parliament! We are dealing with state taxation measures. We should not be looking at a regime that will drive people into the arms of bookkeepers and accountants, as much as some of the bookkeepers and accountants I know are perfectly lovely people. Why are we doing this with tax legislation when we ought to be setting out things in the legislation as clearly and concisely as possible? Even if I could not think of another argument for referring this bill to a select committee, that would be one of the arguments for referring this bill to a committee.

I ask honourable members who have not spoken—which is all but two government members in the Liberal and National parties—to read the bill and put their hands on their hearts and say, “I can go out and sell this to my constituents,” because I bet they cannot. I could say, however, that if the bill were referred to the Standing Committee on Legislation and it was able to drill down into what those formulae mean—members should note that I am not going to waste time by doing what some members in the other place have done and read out the formulae into *Hansard*; although I am sure that *Hansard* is waiting for that challenge, I do not trust my algebraic interpretations sufficiently to do that—it would be found that they are horrible and complicated.

Another obvious point about who we ought to be consulting, and the opportunity that would be provided by referring the bill to the legislation committee to consult directly with those people, and they are the representatives of the 17 000 businesses who will be impacted by this bill—the 17 000 businesses whom Hon Alyssa Hayden is saying are obviously not small businesses so they will be absolutely fine and they can just suck it up and get on and pay it because they are obviously doing all right.

**Hon Alyssa Hayden:** Don't make up things. Did I ever say “Suck it up”? They are your words.

**Hon SALLY TALBOT:** I am paraphrasing, but that was certainly the gist of what Hon Alyssa Hayden was saying. I would like to hear from some of those 17 000 taxpayers about what effect this bill will have on their businesses. I know that there is an argument—it is an argument that we might have here when we move into committee stage; it is an argument that we would certainly have in the legislation committee if only the government would support this referral—about whether or not payroll tax is a tax on employment. Those members who have read the final report of the ERA will know that the report itself addresses that question, and I think it reflects that kind of neo-conservative position that payroll tax is not a tax on employment. Those are the sorts of arguments that need to be clearly set out, because if government members are going to go into their electorates and defend this with the proportion of those 17 000 businesses that are in their electorates, they are going to want to mount that argument that this is not a tax on employment. I bet that one of the reasons why not one government member, other than the Leader of the House and Hon Alyssa Hayden, has got up to contribute to this debate is that they cannot actually do that. They cannot do it either because they know it is no true —

**Hon Phil Edman:** What has this got to do with the motion?

**Hon SALLY TALBOT:** This is exactly what government members' support of the motion will assist with, Hon Phil Edman—that is, to actually understand what the bill is going to do. If it is true that this is not a tax on employment, let us see the arguments for that. I have read the statement of the ERA report and it does nothing to convince me, but that may be because I do not have a neo-conservative bone in my body. Hon Peter Collier got rather agitated about some of Hon Kate Doust's remarks when she was addressing this motion about the time we have had to consider this bill.

**Hon Peter Collier:** She said we were rushing it through the Parliament. We are not rushing it through the Parliament.

**Hon SALLY TALBOT:** I think she was also talking about the forthcoming Loan Bill, which presumably Hon Peter Collier will want to commence on Thursday.

**Hon Peter Collier:** No, he won't.

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**Hon SALLY TALBOT:** We do not know what he is doing.

**Hon Peter Collier** interjected.

**The ACTING PRESIDENT (Hon Liz Behjat):** Order! This is not an opportunity to have a conversation across the chamber on what might or might not be on the notice paper at a future time. I remind members that this is an opportunity to make a contribution to Hon Adele Farina's motion to refer the bill to the Standing Committee on Legislation.

**Hon SALLY TALBOT:** Thank you, Madam Acting President.

**Hon Phil Edman:** Why should we move it to the committee? Let's talk about that.

**Hon SALLY TALBOT:** We should refer this bill to the Standing Committee on Legislation because one thing the committee will be able to do that I doubt we will have time for in this place—even though Hon Peter Collier has said we will have three weeks in Committee of the Whole—is to tease out some of the arguments about what exactly will be the effect on the economy of Western Australia of an increase in payroll tax on the business community.

I was talking about Hon Peter Collier's agitation about the time factor and his comment that surely we have had enough time and that we are happy not to start debating the Loan Bill for three weeks, or whatever he has in mind. The problem I have and the reason I truly think that if I were sitting on that side of the house I would support this motion for referral is that we are less than 48 hours away from the budget, yet we are being asked to consider bills that directly impact on the budget. This is something else that adds to the confusion. I have already talked about how there is no narrative around any of this. In less than 48 hours we will be sitting in this chamber listening to the government's plans for fiscal and economic management over the next four years, yet tonight, we are being asked to look at an increase to the payroll tax threshold.

Several members interjected.

**Hon SALLY TALBOT:** Another bill on the notice paper will seek an extra \$8 billion loan.

**The ACTING PRESIDENT:** Order! We are not talking about the Loan Bill. We are not talking about other things on the notice paper; we are talking about the motion at hand and I urge the member to stay on theme.

**Hon SALLY TALBOT:** I appreciate your advice, Madam Acting President. It is important to come back to the motion. That is exactly what I am doing now. Remember how I phrased my opening remarks: this is a golden opportunity that ought to be welcomed by government. This is the chance for members opposite; the Standing Committee on Legislation is controlled by government numbers. It is the chance for members to set out the coherent narrative around something that, frankly, looks as though it is in tatters. The community is of the view that the government has complete disregard for the forward estimates process. The forward estimates process has been corrupted by the government living from day-to-day, not even week-to-week. If members opposite think that is not true, they should support the motion so that it is referred to the legislation committee. We will even meet tomorrow morning and get started on it. The witnesses could be called in within a week, and within a couple of weeks we could produce a draft report. All the hearings could be open so that all members opposite could come and listen. As I say, the most important thing is that the government has the numbers on the committee. What does it have to fear from supporting this motion?

Several members interjected.

**The ACTING PRESIDENT:** Order!

**Hon SALLY TALBOT:** I am being very generous and, I must say, highly speculative in thinking that the committee might be able to tease out the kind of balance this bill will establish; that is, if the bill is supported and becomes law, the government will get \$400 million over three years—but what will the community get over those three years? Because of this complete lack of coherent narrative, it looks very much as though people who sit down and read this debate to get a feel for what is going on will be under the impression that the community will get nothing. Who knows? Maybe this is what a committee inquiry will draw out. What will the community get from that \$400 million over four years? For example, the whole trouble that the government has created for itself over the closure of remote Aboriginal communities has been brought about by the fact that the government claims it will be missing \$30 million a year.

**Hon Peter Collier:** You stoop to the lowest of the low. You are desperate.

Several members interjected.

**Hon SALLY TALBOT:** Only one side of this chamber is desperate and it ain't my side.

**Hon Peter Collier:** Rubbish; read *Hansard* tomorrow and see what you just said. You are a disgrace.

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**Hon SALLY TALBOT:** The Leader of the House should look at the expression on the faces of some of the troops behind him. He should do the rounds occasionally and look at the expression on the faces of people like Hon Peter Katsambanis, who desperately wants to live in one of those lovely suburbs.

Several members interjected.

**The ACTING PRESIDENT:** Order! Members on my right, when I say “order”, it seems to be an invitation for members to speak louder than the person in the chair and that is not what “order” means.

**Hon SALLY TALBOT:** Thank you, Madam Acting President. That was a bit of extremely generous advice to the Leader of the House because he really needs to get out more and talk to some of his backbenchers. They know that this bill is a desperate measure. I bet if he canvassed his backbenchers, they would say, “Just send it to committee; just get it out of here and let it come back. We control the numbers on the committee. Maybe it’ll come back with a more coherent narrative and that will make it easier for us to sell it to our constituents.” I think the Leader of the House will find that his backbench would welcome this. The problem is that in the days before the budget—this is where the words used by Hon Kate Doust come from—we are being asked to rush through this bill hours before the government brings down its budget, which is supposed to lay out the entire economic picture for the next four years. It looks shonky and it feels shonky. The bill ought to go to committee so that we can see just how shonky it is.

I need to make a couple of other points in the 10 minutes left to me because I am aware—this is a point well worth making and Hon Kate Doust referred to some of the history of these debates—from my perusal of those debates that governments of both persuasions tend to roll out at the end of their objection to the referral, two standard formats to that objection. The first is, “We can’t delay this; it’s needed for some reason.” Remember, the debate we had over the merger of Verve and Synergy? One of the arguments during the early hours of one morning when the government said it could not go to committee was that it had to be dealt with quickly. I remember that we had an argument about it, but that was certainly one of the arguments the government used for not supporting the referral. The case of this bill is very interesting. Government members have not actually looked at the bill, so they will not know this, but because we have looked at it —

**Hon Alyssa Hayden** interjected.

**Hon SALLY TALBOT:** If members opposite had looked at it, they would know this. My colleagues might be able to help me out here. I think it is only the first bill we have seen this year that contains its own retrospectivity. This bill tells us the date on which this legislation will start. Think about it. That is very unusual for a bill. It usually says that the bill will come into effect the day after royal assent et cetera. This bill does not say that. I wonder why. I think it is because the government knew there would be a problem with the bill and it wanted to say that whenever this bill goes through, the measures will start on 1 July. We do not need this bill through this chamber and returned to the other place by 1 January to enact the bill in exactly the format it is couched now, if that is what we decide at the end of the debate. We do not need it because that retrospectivity is built into it. Not only do I not agree with the timeliness; it is factually wrong, because even a more lengthy inquiry would not change by one cent the amount to be collected under these measures when they are enacted.

The second standard objection is always that there will be some kind of financial penalty, some kind of legal obligation to meet a specific payment by a certain time or some other penalty if that deadline is not met. That is simply not applicable to this bill. As I say, every cent is accounted for and it makes not one jot of difference whether this bill is passed by December or 30 June in terms of the money to be collected.

To recap in the few minutes left to me, there is one other element of the referral that I think always ought to be brought to bear on the particular bill under consideration. There are two ways of expressing this. I know that, in relation to some bills, we look at the question of whether activity that is not currently regarded as criminal is going to be criminalised. That certainly does not apply in this case, except in the broadest sense that there will be a tax, for which it becomes a criminal offence not to pay. The other side of that coin, if you like, is whether expert advice contradicts the measures in the bill. In this case, as I have said earlier, it is not just the expert advice from all the key economic and industry stakeholders in this state that is being contradicted by this move. It is also the advice the government itself gave to the community in the 2013 election campaign that—these are the words that are so effectively woven into this motion to refer—Western Australian businesses should be encouraged by government to invest, expand, employ and innovate. When every major industry stakeholder is saying that changing the tax-free threshold and the tax take from payroll tax will have exactly the opposite effect, we ought to be alarmed, and the government ought not be afraid of having that claim scrutinised by a committee.

The final point I want to make —

**Hon Phil Edman:** Are you okay?

**Hon SALLY TALBOT:** Yes, I am fine but I just saw Hon Peter Katsambanis stand up, and I was distracted.

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**Hon Phil Edman:** Did you think he was about to raise a point of order?

Several members interjected.

**The ACTING PRESIDENT (Hon Liz Behjat):** Order! There is continual commentary coming from this side of the chamber about what other members may or may not be doing, and it is actually not helpful to the matter at hand.

Several members interjected.

**Hon SALLY TALBOT:** I never thought I would hear myself say this but —

**The ACTING PRESIDENT:** Could you all just reach into your little bags and get out your little smile faces and pop them on. We will have a little breather. Take a deep breath, everybody.

**Hon SALLY TALBOT:** Thank you, Madam Acting President. I never thought I would hear myself say this, but I feel I owe Hon Peter Katsambanis an apology on behalf of his colleagues.

I was firmly focused on you, Madam Acting President, because my final point was going to be —

**The ACTING PRESIDENT:** You have earned your gold star, by the way—continue.

**Hon SALLY TALBOT:** My final point was going to be to repeat something that you yourself said in this chamber over a matter on which you and I deeply disagree. Nevertheless, I was impressed by your comments on the committee report into shooting in national parks.

**The ACTING PRESIDENT:** Recreational hunting.

**Hon Phil Edman:** What's that got to do with this?

**Hon SALLY TALBOT:** It has a lot to do with this, Hon Phil Edman. I would keep really quiet if I were you. There is not long to go now. Madam Acting President, during the debate on that committee report you said that minds can be changed.

**Hon Nigel Hallett:** I don't think yours would have been.

**Hon SALLY TALBOT:** I can assure Hon Nigel Hallett that my mind has been changed many times. I am always open to a good argument, and to have a good argument we always have to be open to changing our minds.

**Hon Nigel Hallett:** Is Jon home tonight?

**Hon SALLY TALBOT:** What has that got to do with Hon Nigel Hallett?

**Hon Nigel Hallett:** Then you can have an argument.

**Hon SALLY TALBOT:** What are we going to do with that remark?

**The ACTING PRESIDENT:** Perhaps just continue focusing on the excellent contribution I made to the debate on recreational hunting. But we will stay with the motion on hand in the few minutes remaining to the member.

**Hon SALLY TALBOT:** I might accept an apology for that remark, Hon Nigel Hallett. It ill behoves you or any of your colleagues to make a remark like that, about arguments in my private life. It is just not on.

**Hon Nigel Hallett:** I apologise; it was meant in good humour.

**Hon SALLY TALBOT:** I thank the member and accept his apology in the spirit in which it was given.

Back to you, Madam Acting President. During the debate on the committee report, you actually said that minds can be changed. You said that when you started the inquiry, you were not supportive of the proposition, but by the end of that inquiry, having heard and carefully considered all the witnesses' evidence, you had changed your mind. I put it to honourable members that that is what our job here ought to be about. No-one should come to any discussion or debate in this house with a closed mind. That being the case, we ought not be afraid of that contest of ideas. Sadly—I genuinely express my sadness over this—we do not do that very much in this chamber anymore. We do not contest ideas and defend positions by arguing about them—putting forward argument and listening to counter argument—but, happily, we do still do it in committees. We do it with expert advice and in good spirit. I must say that in my 10 years of experience on committees, which has been pretty extensive, we do it on a non-partisan basis, so that the best argument generally wins, and that is where we are able to have that kind of contest of ideas that ought to be informing every minute of our work in these jobs.

I support the motion. I particularly support the motion couched in the terms that Hon Adele Farina has chosen, not because I think it will enable the Labor opposition to score points over the government, but because it will give the committee, and therefore the Parliament, a genuine chance to explore exactly the ramifications of these measures, and to make a recommendation that is genuinely in the best interests of Western Australians and the

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Western Australian economy. After all, if that does not work, we have all failed in the job that we have been elected to do. I support the motion without reservation.

**HON DARREN WEST (Agricultural)** [9.28 pm]: I, too, rise in support of the motion moved by Hon Adele Farina. From time to time, in the Parliament, we hear a good idea. As parliamentarians, we are bound by our electors to follow through on good ideas. In my two years as a parliamentarian, not a great number of good ideas have come across from the other side of the chamber, but Hon Adele Farina has had a good idea in moving this motion. I point out that she is not just any parliamentarian. Hon Adele Farina is, of course, the Chair of Committees. Who would know better about the quality of the work and what can be achieved through the role of committees than the Chair of Committees herself—the Deputy President, Hon Adele Farina? The motion as moved should make it clear to all members why this bill should be referred to a committee.

As the motion states, there will be no hold-up to this bill. This bill would still be able to be passed through the Legislative Council before the winter recess, which I think is of importance to the government, so I do not see that there is any issue around the timeliness of this.

I think the Standing Committee on Legislation would be a worthy investigator of this piece of legislation. I will articulate more clearly why I think that. I just looked at the make-up of the legislation committee. It is made up of a very experienced and fine group of honourable members, chaired by Hon Robyn McSweeney, who is a very experienced parliamentarian. She was a minister in earlier times. She is an excellent chair of that committee and would certainly provide the leadership and oversight required. Hon Sally Talbot is also a member of that committee. She has just made an excellent contribution to this debate about why this bill should be referred to a committee. She is a very forensic and thorough member and would be a suitable person to do some further investigative work on the effects of this legislation and provide us with an accurate précis of what this bill will mean and what its consequences could be if it is passed. Hon Donna Faragher is also on that committee, another former minister. She is a very experienced parliamentarian. Hon Dave Grylls from the WA Nationals is on that committee as well. The final member is Hon Lynn MacLaren. I think members would agree that we have a very well balanced and rounded group of elected members.

**Hon Donna Faragher:** You can say nice things but it's the same speech you gave before.

**Hon DARREN WEST:** Of course I will say nice things about Hon Donna Faragher. I find that she is a very nice person. We will say nice things about a quality committee such as this. I emphasise what a good idea it is that Hon Adele Farina referred this piece of legislation to such a quality, experienced and fine parliamentary committee.

The committee's time frame for reporting is short. A committee of such quality will have the skills, expertise and resources available to it to fully investigate the ramifications of this piece of legislation in that time. As I articulated earlier, I do not see a problem with timeliness for the government. In an earlier contribution, I heard a member ask why we could not just go into Committee of the Whole. There is a very simple answer to that question for members opposite who might ask it. Although the departmental advisers are very skilled in their knowledge of the substance of the bill, they are not elected representatives. It is important and incumbent on us that a bill that will have such a devastating effect on the Western Australian economy is fully scrutinised by members of Parliament. I think that gives the government the political cover that it would need to further prosecute this piece of legislation.

**Mr B.J. Grylls:** You forgot Hon Lynn MacLaren.

**Hon DARREN WEST:** I am sorry; I thought members opposite were interjecting but they are just chatting amongst themselves.

**Mr B.J. Grylls:** I was just advised that there is another member of the committee.

**Hon DARREN WEST:** I mentioned Hon Lynn MacLaren. I thank the member. I know he is being helpful.

As has been mentioned by other members, one of the issues that I have about this piece of legislation is that it is totally at odds with "The Liberals' Small Business Policy". It seems unusual to me that a political organisation would take a very distinct, very elaborate and plainly clear document to an election and promise that that would be the outcome as a result of winning the election only to find two years later that everyone has had a change of heart and it will not do what it said it would do. As a matter of fact, it will go 180 degrees. Instead of a \$121 million gain for small business, as we learnt in the second reading debate and the referral to committee debate, there will be a \$397 million —

**The ACTING PRESIDENT:** Order, member. You are sailing very close to making a second reading contribution. I ask that you stay with the motion at hand.

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**Hon DARREN WEST:** Thank you, Madam Acting President. I will do so. I was veering back to my point but I will get there more quickly thanks to your advice. The point that I wish to make is that it is apt for a committee to refer a piece of legislation that is totally at odds with the position that was previously articulated. I think we have to ask why that would be. We have to further investigate what would cause a government to have such a dramatic shift in policy position—such a dramatic shift in what it articulated it would do compared with what it did. I think that question is probably best answered by a parliamentary committee that could further investigate what the drivers might be. As has been mentioned, there has been a distinct lack of speakers from the government benches explaining why the government had such a policy shift. The only explanation I can find is that the backbench does not really know either. I think it would be apt and pertinent for this piece of legislation to be referred to a committee so that even government backbenchers could get some information on why the government changed tack. Hon Peter Katsambanis spoke very openly about his desire to improve conditions for small business. A very nice profile piece was written about Hon Peter Katsambanis in *The West Australian* early in his parliamentary term. I am sure that he is curious about why the government has introduced this piece of legislation. I am quite sure that deep down he, too, would like to know the outcomes of a parliamentary committee's inquiry into this piece of legislation.

As I have articulated, payroll tax is an impediment to business. I think somebody quoted one of the many former Treasurers, the member for Vasse, Hon Troy Buswell, who stated quite openly in a public forum, taking the high moral ground, that payroll tax is an impediment to business and must be lowered at all costs. I think that was the turn of phrase used. Once again, we have to ask what caused this government to take a complete 180 degree turn to its position if that is what the Treasurer of the day said. Why is this piece of legislation, which is at total odds to the former Treasurer's position, before us? By referring this piece of legislation to a parliamentary committee, we would be a little wiser about that.

The Liberals' policy document also says that the government's commitments were fully funded and fully costed. If that is the case, why do we have to slug small business with an extra tax? I think a parliamentary committee could further investigate why that is, why these fully funded, fully costed promises went wrong and why we are debating a piece of legislation that will certainly significantly impact small businesses across Western Australia, certainly in the regional areas that I represent.

I think it also bears repeating that we have had no significant response from any members of the government, only the comments from Hon Alyssa Hayden, which I listened to quite disbelievingly. I am paraphrasing but I think the general view that we should just suck it up and get on with it will not wash particularly well in the East Metropolitan Region, the Agricultural Region or any of the other Legislative Council electoral regions in the state.

**Hon Alyssa Hayden:** I never said anything like that.

**Hon DARREN WEST:** We can look at the *Hansard* tomorrow and once we determine what it says, perhaps we can discuss that more fully. That is what I heard from over here. As someone who is in business myself —

**Hon Alyssa Hayden** interjected.

**The ACTING PRESIDENT:** Order! Perhaps the member might address his comments through the Chair rather than to another member in the chamber and try to illicit interjections that might be unruly.

**Hon DARREN WEST:** Thank you, Madam Acting President. I will do just that. As a person who is in business, I found some of the comments somewhat disturbing.

I think it would be good for the parliamentary committee to further investigate this bill. As I have said, I know a thing or two about business. One of the things that we do in business from time to time when we make these sorts of decisions about costs versus income is some level of cost-benefit analysis. I do not believe that the government has done a cost-benefit analysis of this bill. Whilst there is a bit of short-term gain for the government, there is significantly more long-term pain for the small business community of Western Australia, and I think a committee like the Standing Committee on Legislation could perhaps further investigate the implications of this bill. That is yet another reason why it would be a good idea to send the bill through to such a committee. The committee could investigate such things as the impact of the legislation on the 17 000 employers who will be adversely affected, and what the \$397 million might mean to those 17 000 businesses. I have done some rough calculations—these figures may not be right on the mark, but I think they are generally pretty close—and if a business has a \$1 million turnover, it can expect to pay another \$5 000 annually. A \$3 million turnover brings it to about \$13 000 annually. A \$3 million business is not a really big business; there are many, many farms —

*Point of Order*

Hon Adele Farina; Hon Sue Ellery; Hon Amber-Jade Sanderson; Hon Kate Doust; Hon Dr Sally Talbot; Hon  
Darren West

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**Hon PETER COLLIER:** The honourable member is clearly covering areas that have been covered in the second reading debate. This is not about the second reading debate; it is about a referral to committee, so I ask the honourable member to stick to what the motion refers to.

**The ACTING PRESIDENT (Hon Liz Behjat):** I remind Hon Darren West that just adding the words “So let’s refer it to a committee” to the end of each sentence—I am paraphrasing the member’s words there, I understand, but I have been listening closely—does not necessarily get you out of the way. I have cautioned you once that you have been straying into areas of the second reading debate, so perhaps with the time left for the debate this evening we will stay within those parameters.

*Debate Resumed*

**Hon DARREN WEST:** Thank you Madam Acting President, I do take your comments on board, and I will skip through to the end of what I was going to say there, but there are significant financial impediments to business, and I think the committee could further investigate some level of cost-benefit analysis as to what effect this legislation would have.

There is a significant need in Western Australia to promote employment in many of the sectors. Other members have referred to this and I will not go into such a level of detail, but certainly industries such as the mining, retail, manufacturing and agricultural industries will be heavily impacted upon by the passage of this legislation. The committee could perhaps further investigate those industries and even call in some representatives from those industries to get from them first-hand what they believe the effects of such a regressive piece of legislation will mean for them. It would be useful for all members of Parliament to hear the outcomes of those hearings, if the committee so chose to speak to representatives from some of those sectors, in making a decision on whether we think this bill is good or bad for Western Australia. As I said earlier, there is the benefit of increased income for government, but we should look at the bigger picture, as the Liberals regularly like to say. We should look at what that is going to mean further down the line. We have already heard from organisations such as the Chamber of Commerce and Industry of Western Australia, and the Economic Regulation Authority has talked about payroll tax plenty of times. It would actually be really, really good and do members opposite some good to get a first-hand view about what employers think about what the government is proposing in this legislation and what it means for them. That is another reason why I think it would be a worthwhile exercise to send this legislation off to the legislation committee so that it can further fully investigate the outcomes it would have further down the employment chain.

As Hon Ken Travers pointed out quite succinctly, the legislation committee could perhaps investigate why it is that every time we have a new Minister for Finance we have to have a new taxation bill. Why is it that each new finance minister seems to have to bring in his own new piece of legislation? I think that is a quite pertinent question that a committee such as the legislation committee could certainly investigate further.

Debate adjourned, pursuant to standing orders.