

PAY-ROLL TAX RELIEF (COVID-19 RESPONSE) AMENDMENT BILL 2020

Time Limits — Statement by Minister for Environment

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment) [11.24 am]: I advise the house that the Pay-roll Tax Relief (COVID-19 Response) Amendment Bill 2020 is a COVID-19-related bill. Accordingly, the Leader of the House has consulted with the party leaders. Pursuant to the temporary order made on 31 March 2020, I advise that the maximum time limits for each stage of the bill are: second reading, 60 minutes; Committee of the Whole, zero minutes; and third reading, zero minutes. By way of further explanation, no party has sought a committee or third reading stage of the bill.

Second Reading

Resumed from 15 October.

HON DR STEVE THOMAS (South West) [11.25 am]: I rise to make some brief comments on the Pay-roll Tax Relief (COVID-19 Response) Amendment Bill 2020. I struggle to see that we will make the full 60 minutes of debate, but we will see how we go. My contribution will be relatively short.

This is a bill of four clauses. If we take out the short title, the commencement and the definition of which act is to be amended, it is effectively one clause, and it is a very simple clause that shifts the time in which the government can make changes under the Pay-roll Tax Relief (COVID-19 Response) Act 2020 that was enacted earlier this year from April 2021 to April 2022.

If I was a cynic, I might say that it is interesting that the date is being moved from just after the state election to a full year after that, but I fail to see how the government will get any particular benefit out of the shifting of that date. I think it is a fairly sensible amendment. Effectively, under the original bill, we put in a four-month waiver of payroll tax for businesses with wages under \$7.5 million. The minister may not be able to provide the information in his second reading response, but one thing I would ask is: do we have a measure of precisely how much that waiver has cost the government in revenue and what level we are up to? That would be an interesting piece of information to have, if the minister can provide that. If the minister is unable to provide that during the second reading reply, perhaps he can provide it at some future time. I would be very interested to hear that. Given that this bill provides a lessening of the burden of payroll tax, and it certainly is a burden on businesses, I would like to know how much we invested in that as part of the COVID response.

I also ask the minister in his second reading response to reassure the house that the extension of the powers of the bill for another year do not give the government a particular ability to make significant changes to the payroll tax regime. I ask the minister to give us a quick run-through—hopefully he was planning to do this anyway—of changes that were made under this particular part of the original bill. In passing that bill, we gave the government the capacity to make changes without the need to pass new legislation. I ask the minister to inform the house what use has been made of that. There is an example of that in the explanatory memorandum, whereby those powers were used to extend the exemption for wages for the JobKeeper scheme until 28 March 2021 in line with the extension of JobKeeper by the federal government. I do not know whether the minister has any inside information about how far JobKeeper might be extended beyond 28 March 2021 and whether it might actually be around for a bit longer than we thought. I suspect there is some risk of that. If the borders do not keep the COVID virus out of the eastern states in particular, we might find that JobKeeper is actually around for a longer period. I do not imagine the minister has any inside information on that, but I would be interested to find out.

Those are the only significant issues with this bill. The opposition supports the intent to give the government an extra 12 months to make any changes as it sees fit, as long as, again, we get an undertaking from the minister in his response that those changes will be reported to the house in an appropriate and timely manner. Can the minister provide a suggestion of the changes that have been made or whether any changes are expected? Obviously, cabinet-in-confidence might prevent the minister from detailing for us any reserve or backup plans that might be in place, but I ask him to put on the record at this point that there are no intended changes and that this will give the government capacity if something significantly changes in the COVID environment. If we get answers to those questions, I certainly see no need to go into Committee of the Whole on the bill to go into detail on four clauses, which effectively would really be one clause. The answers to those questions are important.

I will finish on these remarks. Obviously, the future of COVID is a relatively unknown issue. I make the point that I have made frequently elsewhere: Australia, as an island, has done reasonably well to manage its COVID exposure and outbreaks, notwithstanding some hotel issues in Victoria. Victoria's numbers are down to a level now at which it looks as though it has it significantly under control. Most of the other states have a record that is at least the equivalent of that in Western Australia, which has managed to keep the spread down to effectively zero, picking up only those few cases that come in from international quarters. It has been a good response from all states in Australia generally, with a couple of hiccups in Victoria. As I have said repeatedly, as we have a hard border that is effective, we obviously have a high-risk community within that hard border and a huge risk that sits outside that

border, and at some point those borders will have to become more porous. I do not think we can have an island within an island within the globe that stays that way forever. The optimism about a vaccine notwithstanding, this looks as though it might take longer than most people think.

This is a stopgap measure extension, effectively. The opposition supports it being in place. I am always delighted to stand and debate a bill that reduces the impost of payroll tax—a tax on jobs. It is a pleasure on behalf of the opposition to say that we will give the government that leeway to make sure that if it feels the need to reduce the burden of payroll tax for an extra 12 months, we will be immensely supportive of it.

HON RICK MAZZA (Agricultural) [11.32 am]: I rise to make a couple of comments on the Pay-roll Tax Relief (COVID-19 Response) Amendment Bill 2020. At the outset, I say that I also support the bill and I will not need to go into Committee of the Whole. The bill will effectively extend the sunset clause from April 2021 to April 2022 to provide some payroll tax relief for small businesses that have a turnover of less than \$7.5 million. This highlights that payroll tax is a drag on business. The reason this waiver is being given for businesses with a payroll of less than \$7.5 million—I am not quite sure where that figure came from, but obviously it is for small to medium-sized businesses—is that obviously some significant burden is being carried in having to pay payroll tax. This relief is being given to try to stimulate those businesses in a post-COVID environment.

It is interesting to note that the four-month payroll tax waiver that we have had so far has exceeded expectations by \$30 million; \$195 million has been waived when the expectation was \$165 million. The provision to not include the JobKeeper scheme in the wages will be extended to March 2021. As Hon Dr Steve Thomas pointed out, JobKeeper could be with us for some time, so maybe that could be considered at a later date.

The issues that we have had to deal with because of COVID-19 highlight some of these taxes and the effect they have on the economy. That has been sensitised by the COVID-19 pandemic. Certainly, with the opportunity that is before us, there could be some scope for reform of taxes, particularly how they impact on businesses.

I support the bill. I am sure that it will sail through pretty quickly. As I say, hopefully, there will be some scope for further reform as time goes on.

HON DIANE EVERS (South West) [11.35 am]: Like other members, I do not have too much to say on the Pay-roll Tax Relief (COVID-19 Response) Amendment Bill 2020. On behalf of the Greens, I will give the background. In April this year, Parliament passed the Pay-roll Tax Relief (COVID-19 Response) Bill 2020. It was not a controversial bill. No party opposed it and it went through quite easily. This act delivered exemptions from payroll tax for the purpose of alleviating the economic impacts of COVID-19, such as the four-month exemption period for employers who have a payroll of under \$7.5 million and the JobKeeper exemption. As JobKeeper has been extended and it is a federal issue, we have to play along with the federal government and watch what it does, so it makes good sense to extend these regulation-making powers.

The act contains a sunset clause that provides that the act will automatically expire on 21 April 2021, together with any regulations made under the act that are then in effect. It makes it imperative that we have something in place if we want to do anything after that time. Section 12 of the act is the sunset clause and it provides that the act is repealed. Section 2 provides that section 12 will not come into operation until the day after the period of 12 months beginning on the day after assent day. Assent day is 20 April 2020; therefore, the sunset is 21 April 2021, as I have said.

This bill, which will commence on the day after assent day, amends section 2 to provide that the automatic repeal contained in section 12 will come into operation on 21 April 2022; that is, this bill extends that sunset period by 12 months to 21 April 2022. The effect is that it extends the period for which relief can be granted via regulations if needed and it avoids the automatic cessation of regulations then in force until 21 April 2021. It does not extend the exemptions in the act, nor does it introduce new relief, so we will have to look at that again at that time.

The reason this bill is urgent is that the next state election will happen on 13 March, which means that there may not be time following the election for a new bill to be drafted, introduced, debated and dealt with by both houses and, if necessary, for new regulations to be made under it, all before the sunset of 21 April 2021 when the act would automatically be repealed. It is necessary that this bill gets through if we want the government to have the opportunity to extend the JobKeeper relief, if the JobKeeper scheme is extended past that time or if other issues arise during that time for which relief can be offered, as it was with the four-month exemption period for employers with a payroll of under \$7.5 million.

To understand where COVID is going, like everyone else, all we can do is look at the information we have been given. There are no crystal balls in this case. We are not going to figure it out and have an answer to it, so we have to be prepared and ready to deal with it as it comes up, just as other things may come up. This will give us an extra year, and in that time, hopefully, we will have a better idea of what the future holds.

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment) [11.38 am] — in reply: I thank all members who have spoken this morning and indicated their support for the Pay-roll Tax Relief (COVID-19

Response) Amendment Bill 2020. I thank Hon Dr Steve Thomas, Hon Rick Mazza, who is away from the chamber on urgent parliamentary business, and Hon Diane Evers.

There were a couple of questions from Hon Dr Steve Thomas and I want to put the answers on the record. His first question was whether we know how much the payroll tax waiver has cost revenue. I am advised that the estimated cost of the four-month waiver was \$165 million and the actual cost as at 12 October—so, last week—is \$194.3 million, and it has benefited 7 765 taxpayers. It is a significant amount of money and also significant relief. Hon Dr Steve Thomas was looking for reassurance that the extension does not give the government capacity to make broad changes to payroll tax and he asked whether any other change is intended. Regulations were made to continue the payroll tax exemption for wages subsidised by the extended JobKeeper payment scheme until 28 March 2020, and that was it. A further question was asked about JobKeeper payments. Obviously, JobKeeper is the bailiwick of the federal government and I am advised that it has indicated that the JobKeeper scheme will not be extended again. I have no further information on whether that might change, but I would imagine that the issue will be monitored and that it could be changed again in the future.

Hon Rick Mazza asked for clarity about the waiver. The waiver for small to medium businesses was to run from March to June 2020. This bill does not extend that waiver or provide any new relief. It is just a mechanism to provide further COVID-19 relief if required in the future.

I am grateful for the support again of those honourable members. This legislation deserves to pass quickly. I commend the bill to the house.

Question put and passed.

Bill read a second time.

Leave granted to proceed forthwith to third reading.

Third Reading

Bill read a third time, on motion by **Hon Stephen Dawson (Minister for Environment)**, and passed.