

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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## TAXATION LEGISLATION AMENDMENT BILL 2015

### *Second Reading*

Resumed from an earlier stage of the sitting.

**MR D.J. KELLY (Bassendean)** [7.00 pm]: I rise to continue my contribution to the debate on the Taxation Legislation Amendment Bill 2015, which will significantly increase the taxation burden on Western Australian businesses. I said earlier that this bill can best be summarised by using the words “broken promises”. This bill represents yet another consequence of the broken promises that this government has made since the last election. At the last election, the Premier said to the people that his program was fully funded and fully costed. We all know that that policy from the Liberal Party was nothing more than a lie. It has been clear ever since that far from being fully funded and fully costed, the program that the Liberal and National Parties took to the last election was certainly not fully funded and it certainly was not fully costed. Almost nothing that they promised has been delivered. As a result, as they have scrambled to find the money to do some of the things that they said they wanted to do, they have resorted to measures such as this bill, which will substantially increase the payroll tax that will be paid by Western Australian companies.

I understand that the bill will affect some 17 000 employers in Western Australia. For example, an employer with a payroll of \$1 million will pay an extra \$1 313 in payroll tax a year, an employer with a payroll of \$3 million will pay an extra \$14 448, an employer with a payroll of \$5 million will pay an extra \$27 582, and an employer with a payroll of \$7.5 million will pay an extra \$44 000. If the bill is passed, an extra \$397 million will be collected over three years. That is a substantial tax increase in anyone’s language.

We would expect that the Liberal Party, having made a commitment not to increase taxes—in fact, it was the opposite; it said that it would reduce payroll tax—would be quite apologetic about what it has introduced. Far from it. I will quote the extract from the Liberal Party’s small business policy that it took to the last election. I am not sure whether the minister has read this, but for his benefit, the Liberal Party’s small business policy states —

If re-elected, a Liberal Government will focus on practical measures that will make life easier from small business. These measures will include:

- Further tax payroll relief to business worth \$121 million.

Instead of honouring that promise, the government has brought into this place a bill that will increase payroll tax by \$397 million over the next three years. I would have thought that the very least the minister could have done when he came into Parliament was apologise to the business community in Western Australia for introducing this bill, but I have looked at his second reading speech and there is no hint of an apology; there is no whisper of an apology. All that the second reading speech contains is a really weak, mealy-mouthed string of circumstances that the minister says justify this significant tax hike. I do not think anyone believes the minister and I do not think anyone in the government believes that this tax increase is justified—other than because of this government’s own incompetence.

The minister does not have to take my word for it. What does the Chamber of Minerals and Energy of Western Australia’s pre-budget submission for the 2015–16 budget say about payroll tax? It states —

The ad hoc changes to the payroll tax scale and deferral of the exemptions threshold, announced as part of the 2014–15 budget mid-year review, is a missed opportunity to support industry by increasing the payroll tax exemption threshold from \$800,000 to \$850,000 as previously announced. This will particularly hurt junior companies in the exploration sector, which have budgeted and relied upon the increasing threshold in their cost forecasts at a time when the government is making other policy decisions in support of the struggling sector.

More concerning was the removal of the exemption threshold entirely for payrolls between the current exemption threshold of \$800,000 up to \$7.5 million, despite the state government advising major policy changes would not be announced in the mid-year review process. This change is a significant departure from allowing an equal exemption for all businesses, particularly when many businesses have forecast and budgeted for an increase, rather than decrease of the exemption threshold. Removal of the exemption entirely for large businesses is punitive and without a sound policy basis for the decision.

It says further on —

The reduction of this exemption is an unfair attack on medium and large businesses at a time when holistic tax reforms have been recommended.

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Minister, that is the Chamber of Minerals and Energy of Western Australia's 2015–16 pre-budget submission. That is its assessment of what the minister has done to payroll tax since the last election. It is not pretty, is it?

**Mr W.R. Marmion:** It's not quite correct, though.

**Mr D.J. KELLY:** The CME called it “an unfair attack on medium and large businesses at a time when holistic tax reforms have been recommended”. The mining sector is certainly not giving the minister much credit for what he is doing today. The Chamber of Commerce and Industry of Western Australia is certainly not either. What did it say in December after the announcement was made in the midyear review on 22 December 2014? It said the following in its media release —

“The \$1.3 billion operating deficit announced today shows the significant financial challenges facing the state,” ...

“But increasing the payroll tax burden is not the right move to address the issues with the budget.”

“The delay in the election commitment to raise payroll tax threshold and increase the tax burden on larger businesses comes at a time when confidence is already low and the economy is in transition.”

**Mr W.R. Marmion:** Will you take an interjection?

**Mr D.J. KELLY:** No, the minister said nothing in his second reading speech. Do not waste my time.

**The ACTING SPEAKER (Mr I.M. Britza):** I want to confirm you are not going to take interjections.

**Mr D.J. KELLY:** No; I am not taking them.

**The ACTING SPEAKER:** Okay, thank you.

**Mr D.J. KELLY:** The Chamber of Commerce and Industry of Western Australia noticed the pre-election commitment and the fact that the government is not abiding by it. Its media statement goes on to state —

Mr Nicolaou said further falls in business confidence would be likely to delay hiring and investment plans.

This decision will impact upon jobs. I see that the Treasurer is in the chamber. The Treasurer has been a good Keynesian economist talking about how many jobs will be created by spending on various government projects.

**Dr M.D. Nahan:** Eighty-two thousand.

**The ACTING SPEAKER:** He is not taking interjections, minister.

**Mr D.J. KELLY:** The CCI is saying that the decisions that the government is implementing today by putting this bill through to increase payroll tax will have a direct impact by delaying hiring and delaying investment plans. In that press release, Mr Nicolaou goes on to say —

“Many small businesses were already planning around the increase in the threshold for 2015–16—but this deferral will discourage them from putting on new staff for a further 12 months,” he said.

The Treasurer says he is creating jobs by building things such as Perth Stadium and the like, but this bill will cut jobs and reduce employment in Western Australia by increasing payroll tax. That is not me saying it; it is the Chamber of Commerce and Industry of Western Australia. Mr Nicolaou goes on to say —

“For larger business, the gradual removal of the exemption threshold will add up to an additional \$44,000 to their business costs at a time when they can least afford it.”

“Our data shows that confidence is already low and its being driven down by high costs—this tax hike adds further to costs and may lead to businesses further trimming their investment pipelines and scaling back their hiring intentions.”

It is pretty clear that it is not just members on this side of the house who think that this bill is a bad move; it is people who I would normally expect to support this government.

The CCI went further on 30 March this year when it released the results of a survey it conducted of its members on the impact that an increase in payroll tax would have on them. That survey found that the state government's decision to increase the payroll tax burden has further added to costs and caused businesses to scale back hiring. The Chamber of Commerce and Industry surveyed 606 of its members about the impact of the state government decision to increase the payroll tax burden by \$418 million over the next three years. That survey found that 84 per cent of businesses expected to be less profitable, 82 per cent were less likely to increase staff wages and 81 per cent expected to hire fewer new employees. That is a pretty damning indictment of what the government is doing by increasing payroll tax. The survey found that 81 per cent of businesses expected to hire fewer new employees. The CCI media statement continues —

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CCIWA Chief Executive Officer Deidre Willmott said increasing the payroll tax burden was not the right move to address the State's budget challenges.

The Treasurer has disappeared. The statement continues —

“Our survey found the payroll tax increases would hurt businesses, workers and the unemployed at a time when confidence was already low and the Government should be doing everything in its power to encourage investment and jobs growth,” Ms Willmott said.

I share those criticisms from the business community of what the government is doing. The government has fundamentally trashed the budget and, in order to try to regain some revenue to deal with the budget position it is in, has increased payroll tax. Although taxation is necessary, most people agree that payroll tax has a negative impact on important areas such as employment. At a time when in Western Australia unemployment is becoming more and more of an issue—it is now more than five per cent—the government is taking measures that will directly impact negatively on employment. At times the Premier can almost laugh off the fact that he has blown state debt off the scale, but when the government makes these decisions as a way of dealing with issues such as debt by trying to claw in every bit of income it can, it has a directly negative impact on things like employment and people suffer as a result. What the government is doing flies in the face of the sorts of comments we often hear from its members. Members opposite claim that the Liberal Party is a party of low taxation. Since I have come to this place, all I have seen is the government increase taxes, not decrease them. When I first came into this place I listened intently to some of the inaugural speeches from members opposite. The member for Alfred Cove, until recently I suppose, was one of the rising stars of the Liberal Party. He spoke very enthusiastically in his inaugural speech about the Liberal Party being a party of lower taxes. He said —

Our vision for this state must not come at the expense of our fundamental philosophies of lower tax, of leaving businesses with more of their own money and of not burdening future generations with debt to fund expedient policies today.

That is from the member for Alfred Cove. He said three things there that are relevant to this bill, but I will concentrate on two of them. He talked about “our”—meaning the Liberal Party’s—“fundamental philosophies of lower tax”. Of course, here we are today with yet another increase in taxation and a broken promise to boot. He talked about not burdening future generations to fund expedient policies today. This tax increase is all about trying to recover the budgetary position that the government has created by the mountain of debt it has loaded onto future generations of Western Australians to fund pet projects such as Elizabeth Quay. I know the member for Alfred Cove rose rapidly and is now a member of cabinet. Given what he said in his inaugural speech about the fundamental principle of lower taxation and not burdening future generations with debt to fund expedient policies today, I would love to have been the old fly on the wall during those cabinet discussions when this bill came across the cabinet table.

The member for Churchlands was similarly gung-ho on this sort of stuff in his inaugural speech. He said —

... we should set the macro-economic conditions for small business success, while simultaneously limiting the amount of government interference evidenced by antiquated labour market laws, bureaucratic red tape and discouraging taxation measures.

[Member's time extended.]

**Mr D.J. KELLY:** I assume that when the member for Churchlands said “we should set macroeconomic conditions for small business success”, he was not talking about increasing taxation. I assume he would have been talking about reducing it. However, here he is; he is going to line up like the rest of the members on the other side and vote for this increase in payroll tax. He specifically talked about limiting the amount of government interference and discouraging taxation measures. He is not discouraging taxation measures. He has been in Parliament for only one term, and how many times has the member for Churchlands put his hand up for a tax increase?

**Mr M. McGowan:** About three times.

**Mr D.J. KELLY:** About three times, I am told.

**Mr M. McGowan:** Land tax, stamp duty and this one.

**Mr D.J. KELLY:** Stamp duty, land tax and now payroll tax. It is not a bad record for both the member for Churchlands and the member for Alfred Cove, after a pretty short time in Parliament. The member for Alfred Cove has just entered the chamber. I was just quoting from his inaugural speech, in which he talked about his fundamental philosophies of lower taxation. I was wondering how his support for this bill sits with what he said in his inaugural speech. Maybe during the course of this debate he will pop up and take the opportunity to explain how those two things are reconciled.

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I am not opposed to taxation. Taxation is a necessary part of a free community. Paying taxes is the way we all contribute to the services every community needs to operate. There are plenty of countries around the world whose biggest problem is the lack of a fair tax system. A lot of countries have no tax system, so their governments have no ability to provide the services that their citizens need. I am not against taxes. It is an adults' way of sharing. We often like to teach our children that sharing what we have is one of the good things that we should do. I often think of paying my taxes as an adult's way of sharing. However, two things about this bill mean that I will be voting against it. The first is that it is the result of a broken promise. This government specifically said that it would not go down this path, and it is doing so. Secondly, this is a \$400 million revenue measure being implemented, not because it is needed to provide good services or to deliver good policy outcomes, but because members opposite have basically trashed the state budget.

The government is pushing this legislation because the state debt is now completely out of control. When this government took office in 2008, accumulated state debt was around \$3 billion. Now it is well over \$20 billion and is heading towards \$30 billion, and no-one on the other side can tell us when state debt will peak or what the plan is to have that mountain of debt reduced. The shadow Treasurer, in question time either today or yesterday, asked the Treasurer when state debt would peak, and the Treasurer refused to answer. The Premier, famously, not that long ago, said that state debt should remain around \$20 billion. There would be dancing in the street if that were the case, but we are now well in excess of \$20 billion, and we are heading towards \$30 billion, and no-one in government can tell us where it is going to end. Because of that, the government is cutting revenue out of a range of areas in the budget. What the government has done to schools is an absolute disgrace. The number of education assistants who have lost their jobs in the last 12 months is in the hundreds. The principals that I speak to would love the sort of money that will be raised by the tax measure in this bill put back into schools, but we know that will not happen. I have spoken to principals in my electorate who have lost education assistants. They were there to assist students with special needs, students for whom English is a second language or students with physical disabilities. These are the students who are losing out because of budget cuts that this government has made because it has blown the budget.

What has been done to the high schools in my electorate is appalling. Kiara College and Hampton Senior High School have lost over \$250 000 from their budgets. Even the way the government implemented those cuts to the high schools has been inequitable. I have raised this in the house before when the Premier was here, and he just rolls his eyes. The government has made cuts to high schools, but as a protective measure it said no school can lose more than \$250 000 a year. A school like Kiara College, which has a budget of about \$5 million, loses \$250 000 in a year, but a school like Shenton College, which has a budget of \$15 million, also has its cut capped at \$250 000. With a budget of \$15 million, Shenton College's ability to absorb a cut of \$250 000 is greater than a school starting off with a pool of \$5 million. These are the sorts of concrete effects that flow from the government trashing the budget. At the same time the government has made appalling decisions that have wasted money. Had it not made them, maybe this bill would not be before the house. If the government had not wasted money on Fiona Stanley Hospital through the Serco contract, maybe we would not be here. When the government announced that it would go down the path of privatising services at Fiona Stanley Hospital, a chorus of people told it that it would end up costing more money and it would be a world of pain for that new hospital. But no, the government knew better—the private operator will do better. It will save us money, not lose us money. What has transpired? The Serco contract has been one disaster after another.

I will finish with a couple of other examples. I visited an elderly gentleman in my electorate the other week. For the past two years, he has been a live-in carer for a man aged in his 70s. The two of them live in a one-bedroom Homeswest unit. The gentleman I visited had moved in two years before. He is aged 69. The other gentleman was basically housebound. The chap who was recognised as the tenant by Homeswest went downhill and had to be transferred to an aged-care facility. The gentleman who had been living there two years—a 69-year-old pensioner with no other income—applied to succeed the tenancy, and he was knocked back. The reason given by Homeswest for knocking him back was that he had lived there for only two years and that there was a general shortage of Homeswest properties—no other reason. If this state has got to the point at which the Department of Housing has to evict a 69-year-old pensioner who for the last two years has been living in a Homeswest property as a live-in carer for someone who is housebound, we are in a pretty sad state. I am sorry the Minister for Finance is no longer Minister for Housing, or he might have had to answer to this directly, but what an appalling state we are in when Homeswest is unable to house a 69-year-old pensioner with no assets and no other income. Instead, he has been evicted.

**Mr W.R. Marmion:** Have you spoken to the minister?

**Mr D.J. KELLY:** I have not spoken to the minister. I have been all the way up the chain within the Department of Housing twice, and the answer is no. I think he has until next Thursday to be out. If the Taxation Legislation Amendment Bill 2015 were to deliver more money to people like that gentleman, I would have more sympathy

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for this government, but it will not; it will simply fund the budget deficit that this government has created, and for those reasons I oppose the bill.

**MR M. McGOWAN (Rockingham — Leader of the Opposition)** [7.32 pm]: The opposition will oppose this tax increase on employers—and therefore employment—across Western Australia. This bill follows a pattern of tax increases over the last few years, and this increase will be a difficult one for many employers to deal with. I expect that the government will get its bill through, but we want it to understand what it is doing because I suspect most members of the government do not understand what they are doing.

This is a \$400 million tax increase on employers with payrolls of \$800 000 and above. The bigger the employer, the higher the tax bill will be, but if an employer has a payroll of \$800 000, they will pay more payroll tax under this legislation.

**Mr W.R. Marmion** interjected.

**Mr M. McGOWAN:** As I understand it, the way it will work is that 17 000 employers will have their tax-free threshold removed from their payroll tax bills every year. If they have a payroll of \$1 million, it will mean payments of an extra \$1 313 and so on; it goes up as a progressive increase in tax on employers across Western Australia—17 000 employers who will pay this additional bill.

I do not think that employers with payrolls in the proximity of \$1 million are big employers; I do not think they have the capacity to meet additional tax bills. It is disappointing for what I would call small to medium enterprises to have to pick up this additional cost. It will mean that their capacity to employ additional staff will be diminished. That is the reality.

This comes on top of the increase in last year's budget of stamp duty for first home buyers, and the increase in land tax. Over the last six years under this government, there has been a range of tax and cost increases on households and businesses across Western Australia. The level of tax increases has been extraordinary; considering everything that government members have said about their support for a low-tax environment in Western Australia, it is extraordinary that this is occurring today.

I also make the point that we have a significant unemployment problem in Western Australia, and it is getting worse. In 2008 Western Australia had an unemployment rate of 2.7 per cent; that figure is now heading towards six per cent. In September 2008 there were 32 000 Western Australians out of work; that figure is now in excess of 80 000. I expect, when the figures come out and the trend goes on, that figure will increase significantly. The reason that will increase significantly is that, as we know, the heat and construction phase have come out of the mining sector. A few years ago the number of people employed in the mining sector was in excess of 122 000 directly; these days it is around the 90 000 mark. That is more than 32 000 people who are no longer employed in the mining sector who were employed in the mining sector three years ago. That will mean flow-on effects across the Western Australian economy. This payroll tax increase is a tax on employers, and it is a tax based upon their payroll—the number of people they employ. So, if we have an unemployment problem, an increase on employers based upon their payroll will undoubtedly adversely impact employment in Western Australia. That will be the consequence of the Taxation Legislation Amendment Bill 2015 and that is why we are opposing it. As we said, the government made all the promises before the state election, and I remember them well. Before the state election, the government released the documents that stated it would put on downward pressure and cut payroll tax. Indeed, I think the shadow Treasurer outlined the debate he was in with the then Treasurer, the departed Troy Buswell, in which Troy Buswell outlined this alleged tax cut on payroll tax, and Ben Wyatt, the member for Victoria Park, said, "I'm not going to debt fund a payroll tax cut." Of course, the employers in the room were unhappy with that response because I do not think they quite understood what the government was proposing. Before the election the government was proposing to borrow money to provide a tax cut, which was no doubt a superficially attractive plan to some people, but the reality was that Ben Wyatt, the member for Victoria Park, was honest in saying that borrowing money to fund a tax cut was not a very wise thing to do. Today, the government is renegeing on that commitment and putting up taxes on employers in Western Australia by \$400 million. As I said, it follows on from a range of tax increases that this government has put in place, and it will adversely impact employment.

Today we had the Treasurer introduce an \$8 billion loan bill. The government should be ashamed of itself. An \$8 billion loan bill. During the course of the government I was a part of, we had one loan bill of \$400 million. Over the course of this government, there have been three loan bills, each in the proximity of many billions of dollars. The last loan bill a couple of years ago was meant to cover the period until 30 June 2016. Unfortunately, it will not cover that period. I saw the Premier out there with the press today saying, as though it was the ordinary business of government, that borrowing \$8 billion to cover the ordinary operations of government was just an ordinary thing for the Western Australian government to do. It is not. It is extraordinary, it is outrageous and it is a testament to woeful governance of this state over the past six years that we are in the position that we

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are going to burden my children with this level of debt and a deficit beyond anything anyone could ever have imagined. Today this bill is part of trying to deal with that financial mismanagement that has occurred over the past few years. The deficit in the *Government Mid-year Financial Projections Statement* in December was predicted to be, as I recall, \$1.3 billion or thereabouts; I expect the deficit will be north of \$2 billion. Just so members understand what that means: that is \$2 billion to cover, over one year, the recurrent expenditure above the income. That does not even cover the debt that is being loaded on—that debt for capital is the government's recurrent expenditure above income. What a woeful financial performance, a shocking financial performance—the worse financial performance that this state has ever, ever seen. That means that our debt, predicted to be \$37 million in 2017, will be way above that. This loan bill is testament to that. So an inherited debt of \$3 billion will, by 2017, be about \$34 billion or \$35 billion. What sort of government is this? What sort of government does that? It means that my children will be burdened with this sort of debt and deficit for as far as the eye can see in the future. That is what this bill means. It is a woeful, shocking performance by the Liberal and National parties in Western Australia. Is it any wonder that Richard Court, 15 years ago, when I was here, tried to stop this Premier getting into that position, because he knew what he would do. There it is today. Richard Court was proven right when he tried to parachute Julie Bishop into that position. Unfortunately the people of Western Australia will be the ones who will have to pay for this appalling legacy of debt and deficits as far as the eye can see.

In the last couple of weeks we have seen the bizarre and outrageous performance of the Premier. He has attacked other states, raised the deaths of 173 people in Victoria and our contribution of \$1 million to the Victorian bushfire appeal, and has outraged Liberal and Labor Premiers across the country with his performance. Why did he do that? It was about making excuses for the budget that is to come in a fortnight's time. It was about laying the ground and the excuses for the shocking deficit and debt, and, I might add, the broken promises, in the budget to come. That is what that performance was about. All the stuff about the Victorian bushfires and the Queensland floods was more than a score of our fellow citizens who had died. Raising those two issues was all about laying the ground and providing the excuse for the budget that is about to arrive.

There is no doubt that Western Australia gets a rotten deal out of the GST. The Labor Party warned the government about that in 1999. The Leader of the House was here, and so was I. The Liberal Party in Western Australia signed the state up to that deal. The Liberal Party was told to put in a floor. With hindsight, John Howard would have signed anything to get that thing through. A floor could have been put in; the opposition told the then government to put in a floor. We knew that the revenues from royalties were going to increase and that because of the formula, our GST share would go down. But the then Liberal–National government ignored all that advice. Even the Treasury gave that advice and the then government ignored that advice. The other states would have agreed to it because they all wanted to get it over and done with. If Western Australia had stood up then, that is what would have happened. The Labor Party told the government in this house. Eric Ripper was sitting right here and he told the government in the debate and the government ignored it.

The GST deal is now there, but the revenues under the GST deal are not a surprise to the government because it has been budgeting on the basis of exactly where they are, each and every year. The government has known where they are going to go. It is in the forward estimates where they are going to go and where they have now gone. A few years ago under the much-maligned Julia Gillard, the then Prime Minister of Australia, the GST share for Western Australia was 55c in the dollar. Next year it will be 30c in the dollar.

I admit that it is a woeful deal, but this is no surprise to the government. To say that this deal is the reason for this government's financial performance is disingenuous and untrue because the government knew where it was going. Over each of the budgets of the last few years, this government ran down the surpluses. Eric Ripper, Geoff Gallop and Alan Carpenter were able to produce a \$1.52 billion surplus. I admit that we had the benefits of a property boom—that was a good thing for state revenue. But when they were producing those surpluses we did not have the benefit of a massive increase in royalties. Labor never had that revenue, which exceeds the property boom stamp duty revenue—sorry, I have lost my train of thought.

Several members interjected.

**Mr M. McGOWAN:** I am pleased to see that members were listening.

**Mr W.R. Marmion:** The member had a lot of property revenue —

**Mr M. McGOWAN:** We had a lot of property revenue but we did not have the revenue from royalties. This government has since received this big boost in iron ore revenue that has driven down this state's GST share, but the government knew that this would happen. As has been often commented, this government deliberately drove down its GST share. By increasing the royalties on fines—something the government elected to do—it deliberately drove down the GST share because it knew that that would be a consequence. It is part of the GST

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deal that this government signed us up to. When we hear the excuses that this is not the government's fault, it is not true because—I will return to my original train of thought—this government drove down the surpluses. Eric Ripper, Geoff Gallop and Alan Carpenter were criticised by everyone for running big surpluses because nobody understood what they did. The surpluses allowed government to run a big capital expenditure account without racking up debt. This government has continued the big capital spend but driven down the surpluses and therefore racked up the debt. When the surpluses are driven down and the revenues do not keep up, we create a huge problem. With the collapse in the iron ore price, the big royalty revenue is not there as it was at one stage, which means that we now have no buffer to cope with it. That is basic financial management.

I will talk about the collapse in the iron ore price. This government put in its budget a price of \$122.30 per tonne as the free on board price for iron ore. That was massively optimistic. I admit that one or two people might have said that that was where it would be. Most people said it would be around \$100 per tonne, but it collapsed by nearly half to \$52 per tonne today.

[Member's time extended.]

**Mr M. McGOWAN:** I admit that it is way below what most commentators indicated it might be at \$50 or \$52 per tonne. But putting into the budget a hugely optimistic price for iron ore was irresponsible. What did it do? It did the classic thing that this government does: it got this government through that budget with a surplus. However, the chickens have now come home to roost because the price has gone down and this government has no capacity to cope with it. At the end of the day, everything is now reaching a head. All of the debt, the spending, the running down of surpluses and the GST deal have meant that we have reached the day of reckoning. This coming budget and the next few weeks will see this government get its day of reckoning. People are losing their jobs, the iron ore price has collapsed and the budget is going into a massive deficit beyond anything this state has ever seen. We are about to hit debt levels beyond anything anyone has ever seen before in Western Australia. The day of reckoning has now arrived.

The government's response is this shrill, bizarre language, attacking the other states that we need help from to try to reach a better solution to the GST. The government is attacking the big iron ore miners of BHP and Rio. It is threatening their exports. I went to the opening of a port outside Karratha built by Rio that the Premier opened. He welcomed the expansion; he stood on the stage and welcomed it. Now that Rio is expanding production, the Premier is threatening the ports. "Miners warned" is the headline on the front page of *The West Australian*. The government is threatening to close the ports, threatening the iron ore that the government owns, according to the Premier. The miners need to take advice from him or they will not be allowed to export it. That is the sort of stuff that we hear happening in other countries. I have never heard about it happening here before. I am disappointed that the Chamber of Minerals and Energy of Western Australia, BHP and Rio do not say something about it. I think the language of BHP and Rio has been excessive. This talk of "flooding the market" has been unhelpful. I think it has driven down iron ore price sentiment over time and therefore driven down the price of iron ore. The bigger risk to the state is threatening to close ports or stop shipments. That is a major risk to the state. I am very disappointed in those companies or their representative organisations for not coming out and having the courage to say something about it.

The point behind all of that is that this is another part of the excuse for the budget we are about to receive. Threatening the miners, talking about iron ore, talking about the activities of the big miners using the capital that they invested in that the Premier owned to drive up the production that he welcomed until recently is all part of the excuse for the budget that is about to hit. The government has created the situation that we are now in and is laying the ground for the excuses so it is not its fault. According to the government, it is the fault of the big miners and it is the fault of the GST deal, even though the government knew, particularly with the GST, what was going to happen. That is what all this has been about. It has been a very dangerous and unfortunate period. All that carry-on about the eastern states was unedifying.

I am a proud Western Australian. I have lived here for more than half my life. I chose to be a Western Australian. What I do not do and what I will never do is demean and diminish our fellow Australians. We served with them in wartime, we live on the same continent, we marry and we move—we do all these things together. We are all Australians. I do not believe in demeaning other states and other citizens. All the Premier's performance did was unify Liberal and Labor against us and make it difficult for this state to get a better deal. If we want a better deal, we have to come up with a cogent, sensible argument. I remember the argument that the Premier was putting a few years ago—that is, the big four states are in virtual agreement. Do members remember the virtual agreement of New South Wales, Victoria, Queensland and WA that we would share our GST equally per capita and South Australia, Tasmania, the Northern Territory and the ACT could get their share? I saw the New South Wales Treasurer, Gladys Berejiklian, on the TV rejecting outright the idea that New South Wales would participate in an arrangement to help Western Australia. Gladys Berejiklian, the right-wing Treasurer of

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New South Wales, rejected it outright. All that talk and all that bluster over the last six years has resulted in nothing for Western Australia—no outcome, no result. All it has done is unify the other states against us. We need to put a sensible proposition on the GST. We keep talking on this side of the house about including the gambling revenues—which the other states receive to a greater degree than us—as part of the discussion and consideration on the GST, just like iron ore revenues. But how are we going to get a fair hearing on that when all we do is abuse the other states?

I remember the Premier last year, or perhaps the year before, saying that Tasmania was such a basket case that he was offering to go down there and run the place for them. Do members remember that? He was going to go down there and run it for them for a while, just to put them on track! Tasmania has a AA-plus credit rating. This state has a double AA-plus credit rating, but on a negative watch. I expect that Western Australia's credit rating is lower than Tasmania's. That is despite the fact that per head of population, we receive significantly more in revenue than Tasmania does. That is a fact. The Premier can offer to go to Tasmania and run the place for them, but I suspect that they will not want him in light of what has happened in this state.

To come back to this bill, this is an indictment on the government's running of this state. The government is basically seeking to increase the tax on small and medium enterprises—just so that the government knows what it is doing here. Today, the government is increasing the state's debt burden by potentially another \$8 billion, bearing in mind that it inherited a total net debt burden of \$3.6 billion when it arrived in office. I want the government to know what it is doing. I suspect that in the party room, no member opposite even knows what they are doing half the time. But that is what is happening. This is another example of the government's mismanagement of this state.

I would have thought better of this Treasurer. I had no problems with the Treasurer before he was elected to this place. I even spoke to him once or twice when I was passing the liquor reforms through this place. He was totally supportive of the liquor reforms that we put in place back in 2006. I would have expected better of the Treasurer. But all the Treasurer does is run the rhetoric about how the state is dealing with difficult circumstances and how the government is trying to keep taxes low and all those sorts of things. But the reality is that debt, deficit, taxes, and fees and charges, are going up incredibly significantly under the watch of this Treasurer.

I sat next to Paul Keating the other day at Peter Walsh's funeral. There was a Treasurer! He told the story of having to deal with, in an equitable way, commonwealth outlays, during the period from when he became Treasurer in 1983, and over the next few years, in conjunction with Peter Walsh. There was a Treasurer, as I have said. He had imagination, capacity and honesty about the situation that his state was facing. But all we find with this government is a sloping of the shoulders. Nothing is the government's fault. Despite the fact that this government has presided over the best revenues and the biggest budget in history, nothing is its responsibility. It is all somebody else's fault. I will tell members who will be paying for that. Future generations over the course of the next two decades will be paying for the legacy of this government.

**MS J.M. FREEMAN (Mirrabooka)** [7.59 pm]: I also rise to speak on the Taxation Legislation Amendment Bill 2015. I thank the Leader of the Opposition and previous speakers for their speeches. In particular, the Leader of the Opposition and others outlined the legacy that this government will leave of debt, deficit and tax increases and the impact that that will have on future generations. In my speech, I will talk about some of the issues that are occurring. This bill will change the Pay-roll Tax Assessment Act 2002. I understand that payroll tax was introduced by the commonwealth government on 2 May 1941, and it became the responsibility of the states in 1971. At that time, the rate was 2.5 per cent, with an exemption threshold of \$20 800. Now the rate is 5.5 per cent, with an exemption threshold of \$800 000. This bill seeks to introduce a gradual diminishing tax-free threshold from 1 July 2015. The benefit of the tax-free threshold will gradually be phased out for employers or groups in Western Australia with annual taxable wages of between \$800 000 and \$7.5 million.

Sometimes people get a bit confused about taxation stuff and they have a look at it. I know that my tax-free threshold is \$18 200 and that if I earn under \$18 200, I will not have to pay tax. If I earn above that amount, I will fall into the next tax threshold, and if I earn above the amount for that threshold, I will fall into the next tax threshold. Is the minister effectively doing the equivalent of removing that tax-free threshold for employers with payrolls greater than \$7.5 million? Does that mean that the minister is effectively removing that threshold for employers with around 100 or more employees? Average earnings are about \$75 000 a year. There are four areas. I assume that an organisation with a payroll of \$1 million will have 13 employees. A small business with 13 employees will pay an extra \$1 313 in tax. An organisation with about 40 employees and a payroll of \$3 million will pay an extra \$14 448 in tax. An employer with around 66 employees and a payroll of \$5 million will pay an extra \$27 582 in tax. An employer with a payroll of \$7.5 million will pay an extra \$44 000 in tax. I am interested to know what their total tax will be. Can the minister tell me the total amount of payroll tax that would have been paid by an employer with a payroll of \$1 million before 1 July 2015 if this bill had not been brought in and what the amount will be after the bill is passed? I could probably try to do those very difficult —

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**Mr W.R. Marmion** interjected.

**Ms J.M. FREEMAN:** That is good.

**Mr W.R. Marmion:** And I can calculate them, too.

**Ms J.M. FREEMAN:** And the minister can calculate them. I thought I did pretty well with the average weekly earnings, but I did get a pointer from the minister's staff.

**Mr W.R. Marmion** interjected.

**Ms J.M. FREEMAN:** All I got told was that 100 employees and a payroll of \$7.5 million was the basis of the \$75 000 average weekly earnings.

**Mr W.R. Marmion:** It's pretty close.

**Ms J.M. FREEMAN:** Effectively, small to medium-sized businesses will be taxed and the increase in the tax-free threshold is not being introduced; it will be deferred for a year. But we have heard the government say before in this place that it will defer something for a year and then it has deferred it indefinitely.

**Mr W.R. Marmion:** No; it's coming in.

**Ms J.M. FREEMAN:** I understand that the minister is saying that deferral will come in, but is there any legislative imperative for it to come in? How do we know it will definitely come in?

**Mr W.R. Marmion:** It's in; we're not taking it out. If we weren't bringing it in, we would have to put in some legislation.

**Ms J.M. FREEMAN:** A couple of years ago we deferred something and then because we could no longer do it, we had to come in here and take it out of the legislation. On the basis of past performance, anything could happen between now and the next budget, could it not?

**Mr W.R. Marmion:** It always could with anything. Life changes in a day.

**Ms J.M. FREEMAN:** Life can change in a day but public policy should not change on a whim and currently we seem to be changing public policy on a whim because we tell the electorate one thing when we are going to elections. The government announces that it will change the tax-free threshold.

**Mr W.R. Marmion** interjected.

**Ms J.M. FREEMAN:** No; the minister said he would implement it at this time.

**Mr W.R. Marmion:** We said we would come in at \$800 000 on —

**Ms J.M. FREEMAN:** On 1 July 2015.

**Mr W.R. Marmion:** And up to \$850 000 in 2016.

**Ms J.M. FREEMAN:** No; my understanding is that the minister announced that he would do that and give further payroll tax relief. There are better people who can argue the fully costed issues.

**Mr W.R. Marmion** interjected.

**Ms J.M. FREEMAN:** I will not get into an argument with the minister when there are many people in this house better equipped to pull him up on the falsehoods and whims these figures are based on. Let me get on with my comments on the matters that I am better able to contribute to this debate.

We know the changes will have no effect on charitable organisations that are entitled to exemptions because they do not pay payroll tax, but, as we now know, it will impact on the Chamber of Commerce and Industry of Western Australia because it no longer has such an exemption. I am pretty sure that the CCI's employee numbers will come in at 100 or above. What really concerns me is the impact it will have on small and medium-sized employers. I think it will have an impact on employment. The CCI certainly says it will and it has put on record that, from surveys it has done, not increasing the threshold will have an impact on employment.

I have previously raised my concerns about unemployment rates in the Mirrabooka electorate. Although I welcome the decrease in Western Australia's unemployment rate from 5.7 per cent in February to 5.5 per cent in March, I fear it is not enjoyed in the Mirrabooka electorate. I have looked at the December quarter 2014 Australian small area labour market. In this house previously I advised that the unemployment rate in Mirrabooka–Balgga in the September quarter was 16.5 per cent. For the December 2014 quarter it had increased to 18.9 per cent. The unemployment rate in the seat of Nedlands, which has a total labour force of 25 795 and unemployment of 726, is 2.81 per cent. I looked at suburb areas such as Nedlands, Dalkeith, Crawley, Subiaco

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and Shenton Park to make up the electorate. For the seat of Mirrabooka—I have to include in the suburbs of the electorate Westminster–Nollamara, even though Nollamara is not a suburb in the electorate—with a labour force of 26 907 and unemployment of 3 735, compared with the minister’s 726, Mirrabooka electorate-wide unemployment is 13.88 per cent. Since I have been seeing these figures, I have often thought that my office must be somewhat different from other offices in the information that comes through, but then I thought that we must be the same. I looked at these figures and realised why we are so busy in the office dealing with all the consequences around unemployment. Just to be clear, for the December 2014 small area labour markets, 112 people were unemployed in the suburb of Cottesloe versus 832 in Girrawheen. That is a one-on-one suburb comparison. In Wembley Downs, Churchlands and Woodlands, 131 people were unemployed in December 2014 compared with 1 868 in Balga–Mirrabooka. The minister is not feeling the consequences of unemployment in his electorate.

I will look at the unemployment figures in the electorate of Belmont for the member for Belmont. Belmont, Ascot and Redcliffe are running pretty well actually, with 530 unemployed out of a total workforce of 9 136. The Belmont electorate’s unemployment figure is running at 5.8 per cent, which is the state average.

**Mrs G.J. Godfrey:** We have more people coming from outside to work in Belmont because we have the airport, the Kewdale freight marshalling yard and a strong commercial base.

**Ms J.M. FREEMAN:** Belmont obviously has strong employment figures, so the member is very fortunate when those numbers are compared with the figures in the Mirrabooka electorate. I would love a strong local employment base in my area, because local employment keeps unemployment figures down.

**Mrs G.J. Godfrey** interjected.

**Ms J.M. FREEMAN:** I was trying to help the member out by giving her those figures.

It seems incongruous that the government would introduce a disincentive to employ people by abolishing the payroll tax threshold for businesses with 100 or more employees or, in fact, with 13 or more employees. Medium-size businesses offer greater scope for employing people from a variety of backgrounds and young people. I am really concerned about the impact of these figures on young people and what that means for youth unemployment in the area and its social consequences.

The changes contained in this bill basically favour businesses that automate production. It is little wonder that mining companies are moving to driverless trains when the government takes more and more through payroll tax and other taxes. I want to ask the minister about a letter to the editor on payroll tax in *The Australian Financial Review* on 16 April 2015. I want to know whether what it contains is true. The letter reads —

State payroll tax is tax deductible at the federal company tax level, so a small increase in the company tax could replace the lost net revenue and be subsequently passed back to the states.

Is that true? I want to know whether increasing this tax means that the federal tax is lessened, or what impact does it have on federal tax? The minister can respond later, rather than by interjection.

**Mr W.R. Marmion:** I would be surprised, but my advisers will answer.

**Ms J.M. FREEMAN:** I was interested to read in this letter to the editor that payroll tax could be offset, so that, effectively, when payroll tax is increased, it comes out by a reduction in other taxes. Given the route that the government has taken, it is probably not too worried about that in any event. The letter to the editor from Mr Pitt states —

Businesses like Harris Farm (the green grocery retailer) —

I am not sure we have it in Western Australia —

turn over millions of dollars a year of fruit and vegies and pay payroll tax for hundreds of staff who sell the food. But a Ferrari dealership can sell millions of dollars worth of Ferraris in a year while paying little or no payroll tax, simply because their enterprise needs few staff. I don’t know why we would apply payroll tax to the labours of Aussie farmers but not expensive imported sports cars.

Myer and David Jones pay payroll tax on their sales staff wages but Harvey Norman pays little or nothing. Foot Locker pays payroll tax for staff who sell shoes, but Athlete’s Foot does not. The reason is simply because Harvey Norman and Athlete’s Foot operate as multiple franchises under one brand. Strangely, thousands of franchisees (who in my view, via their franchise agreements are very much “controlled entities”) each benefit from the payroll tax threshold, whereas David Jones, Myer, and Foot Locker get just one threshold each.

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I raise this because there is a debate about the usefulness of payroll tax. I am never going to argue to get rid of payroll tax, because that would probably cripple this state's income and the government needs to deliver services, but there is a cost-benefit factor in these things. It is about how many people a company will employ and whether this acts as a disincentive. As I pointed out to the minister, I clearly have an incentive not to have a disincentive to employment in the area that I represent. I have a massive need for unemployment not to impact any more than it already has in the areas that I represent. I have to relate to members this funny little response. I have read articles about payroll tax and various things and often there are comments underneath the articles. I loved this comment, which I thought I would share for the purpose of mirth and humour. David, who commented on the article, said —

*Punishing people for being productive is the most absurd, extreme-left-wing idea.*

*My family runs a small business and we are dismayed and a little gobsmacked at the payroll taxes and taxation generally.*

*The whole notion of redistribution of wealth when it comes to payroll tax and income tax needs a total re-think, with the old communist influences removed and binned for good.*

Given that I am often considered to be the socialist in the room, I think it is hilarious that I am saying that these taxes should not be increased, because this gentleman thinks it is an absurd, extreme left-wing idea and government members, who are always considered not to be the socialists in the room, are increasing it. The world is a funny place at times, is it not?

What the government is doing here is a concern to the Chamber of Commerce and Industry of Western Australia and others. In response to the government's decision to defer an increase in the threshold, the Chamber of Commerce and Industry surveyed 600 of its members. Approximately eight in 10 said they were now less likely to take on new employees. A similar number was also disinclined to raise wages. I will just repeat a figure for the record, minister. In Mirrabooka in the December quarter, there was 18.9 per cent unemployment. In the minister's seat of Nedlands, there are 726 people unemployed and in the seat I represent, there are 3 735.

[Member's time extended.]

**Ms J.M. FREEMAN:** I have not got to what I want to talk about.

**Mr W.R. Marmion:** I know the bit you want to talk about.

**Ms J.M. FREEMAN:** The minister has that ready to go!

It seems to me that if the government is to go down this path, which we oppose because we believe it is against what the government promised and contrary to good economic management and all those arguments, we need look at other initiatives that can assist to mitigate what we and the CCI—not our mates but the government's mates; they have certainly never been my mates—think will happen. I put it to the minister that New South Wales has taken the initiative of offering \$1 000 to businesses that employ a worker from a mass redundancy job, and in Tasmania there is a rebate given to employers that create new positions for long-term unemployed people. There is also currently a rebate for businesses that employ Indigenous employees, and I understand that the wages of all apprentices and trainees employed under an approved training contract are also exempt. I get that there is some capacity for mitigation, but I am extraordinarily concerned and I think anything that can assist employment in those high-unemployment areas should be done. The figures in the member for Armadale's electorate are a bit like the figures I read from mine, but nothing quite like it.

The federal government's recent tax discussion paper revealed that Australia relies more on payroll tax than is the case with any Organisation for Economic Cooperation and Development country, which is interesting. I also want to ask something. I note that in the *Overview of State Taxes and Royalties* there was a rebate for businesses in previous budgets, and the previous Treasurer announced the government would give a payroll tax rebate for small businesses. I will find my notes and read the figure because otherwise I will rely on memory and that is never a good thing. In 2010–11, employers with payrolls of up to \$1.6 million in 2009–10 were paid a one-off rebate to fully offset their 2009 tax liability. The maximum amount of the rebate on the payroll of \$1.6 million was \$46 750. On the bit of paper, which I have lost now, it was established that there are all these different companies paying different rates for the different levels. The minister's second reading speech on this bill states —

Of those employers, around 5 000 will have payrolls in excess of \$7.5 million and will therefore be required to pay up to an additional \$44 000 a year in payroll tax.

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Can the minister tell me that those people who are now going to pay additional tax did not actually pay less tax previously? I would not have thought so, because they were at \$1.6 million, but of those that have a payroll of \$1 million, \$3 million or \$5 million—is the minister following me?

**Mr W.R. Marmion:** It is half and half. It was a rebate that was put in place some Treasurers ago, in terms of a payroll tax rebate.

**Ms J.M. FREEMAN:** Yes. Was it for one year?

**Mr W.R. Marmion:** Yes, it was an amount of money they worked out. I was not involved with that, but I think it cut out at about—your figure might be right—\$1.6 million in payroll. So it probably tapered out for anyone with whatever the payroll threshold was then to \$1.6 million. However, with this one we're bringing in now, we are recouping the threshold amount of zero to \$800 000 by scaling back from zero to \$800 000, and getting it up to \$44 000—you mentioned a triangle—at \$7.5 million.

**Ms J.M. FREEMAN:** So they did not get the payroll exemption, but the businesses with a \$1 million payroll did. So the 13 employees who were going to pay an extra \$1 313 each year —

**Mr W.R. Marmion:** They would have got a rebate.

**Ms J.M. FREEMAN:** They would have got a rebate, so are they now paying for their rebate? It is like Peter paying Paul, is it not? They gained some money and now the government has said that it is just going to take it back now—you beauty! Not that I would ever use the term, but there is a very racial term that is used for that sort of process. What is a non-racial way of saying that the government gave something then subsequently took back what it gave? It just seems a bit odd.

The other thing that confused me that I have discovered was the “Overview of State Taxes and Royalties” document, which the minister’s advisers quite nicely made me aware of. It is good bedtime reading. The minister has said that Queensland and the Northern Territory do a similar thing. They have phased out employers’ groups of annual taxable wages between that amount. When I look at the average payroll tax rates on page 6 of this document, it does not look like it is phased out, but I might be reading that completely wrongly. I suppose that is the same as what the minister is thinking of doing, which is the \$1 million threshold, so he is just getting rid of that first threshold. It just did not look like it was being phased out.

What I also want to talk to the minister about is that the bill amends the Duties Act 2008 to extend a duty concession to the custodian for a trustee of a superannuation fund on the same terms that apply to the direct purchase of a property by the trustee of a superannuation fund. That is because people are now allowed to put purchases of property into their self-managed superannuation funds, whereas they were unable to do that before, but it has to be held by a trustee because of the changes in the federal laws to do with superannuation. This gives me the opportunity to raise the inequity that has resulted in Western Australia with respect to superannuation splitting when de facto relationships cease. Reforms were introduced in 2009 to the commonwealth Family Law Act 1975, which mean that most same-sex or opposite-sex de facto couples in all states and territories except Western Australia who end their relationships can now have their property and financial matters dealt with substantially in the same way as married people. South Australia did this a little later, with the Commonwealth Powers (De Facto Relationships) Act 2009, which came into operation on 1 July 2010. Subsequently, South Australia amended its Stamp Duties Act to expand section 71CA, which is similar to a section that we have, so that the same exemptions from duty are available to orders, agreements and consequential instruments made under the Family Law Act. I know that the minister’s argument will be that this is covered by the Attorney General and that it is not an issue the Minister for Finance has to concern himself with, but the reason that I say that the minister would have to concern himself with it is that I understand South Australia made a similar change that we would have to make to the Duties Act if we were to refer our powers under the de facto relationships act to the commonwealth. It would give the same treatment in terms of duties.

At page 11 of the overview of state taxes it is stated that there is nominal duty for transfers involving superannuation funds. Can the minister clarify this: If the WA Parliament introduced a referral of powers bill for de facto relationships to be dealt with under the federal act, and therefore afforded superannuation splitting for people in de facto relationships, would the Duties Act require amendment? Currently, would it enable the nominal duty of \$20? That is really what my question is.

I will take this opportunity to talk about how unfair it is, when a de facto relationship ends, that there is no capacity for superannuation splitting. Prior to 1 March 2009, people in de facto relationships were able to access the federal family law system for their post-separation parenting arrangements. However, their property and financial settlements were covered by separate legislation that applied in their state or territory. Property and financial settlements generally accommodate the arrangements for dividing the former couple’s assets and

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liabilities and whether maintenance is payable; and, if so, how much. When a marriage or de facto relationship breaks down, property can now be divided between the parties. Superannuation is treated as property under the Family Law Act 1975 but it differs from other types of property because it is held in a trust. Superannuation-splitting laws allow superannuation to be divided when a relationship breaks down.

De facto couples in Western Australia are not subject to superannuation-splitting laws. Although separating de facto couples in most states and territories can access the Family Law Courts for property and spousal maintenance matters, they cannot when dealing with this split. De facto couples in Western Australia are not entitled to split or flag superannuation; however, the court may or can take into account superannuation contributions and maintenance requirements when determining how property is divided between the parties. The court considers the superannuation entitlements of both parties when determining distribution, but as it cannot be split, it cannot be distributed until retirement if superannuation is the only asset. If there is no property and no other assets, the distribution of superannuation is effectively lost or pending until a person reaches the age of 65. I am not even sure how that operates.

Superannuation's basic design reproduces the inequities of the distribution of earned income pretty much for women across the board. Compulsory contributions as a set percentage of pay means that "savings" will reflect the frequency of contributions and their amounts. This already adds to a really inequitable system in terms of superannuation. Women have significantly less money saved for retirement. Half of women aged 45 to 59 have \$8 000 or less in superannuation funds compared with \$31 000 for men. In 2011–12, the average super account balances were \$82 615 for men and \$44 866 for women. The current average superannuation payout for women is one-third the payout for men—\$37 000 compared with \$110 000. In Australia, women working full time earn 16 per cent less than men, and in Western Australia the gender pay gap is 25.7 per cent compared with 18.8 per cent nationally.

It is important that women are able to access superannuation when their de facto relationships break up, and that men who are in same-sex relationships have the capacity to split superannuation for retirement. The government is not doing that. It is not including all the assets of a spousal relationship. It is disadvantaging women massively in terms of how they live in the future and their retirement income.

**MS S.F. McGURK (Fremantle)** [8.30 pm]: I want to make a brief contribution to debate on the Taxation Legislation Amendment Bill 2015. Taxation legislation, particularly payroll tax, is not an area in which I have any particular expertise, but I do understand the difference between what the government says and what it actually does. The government says that it is going to support small business and that it will put in place a number of tax cuts to support employers in our state and stimulate employment, but in fact what it does is the exact opposite.

As other members on this side have already done, I refer to a Liberal Party media statement of August 2013 in which the government claimed that from 2014–15 the payroll tax exemption threshold would be raised to \$800 000, and that from 2016–17, the threshold would be lifted further to \$850 000, which would provide tax relief to more than 16 000 employers. That is a significant number—16 000 employers.

What does the government say now? A government media statement from last December announced a 12-month deferral of the schedule increase for the payroll tax exemption threshold from 1 July 2016 to 1 July 2017. The Barnett government has broken its promise to reduce the payroll tax on small business by deferring the lifting of the exemption threshold from \$800 000 to \$850 000.

**Mr W.R. Marmion**: Just on that, we actually aren't doing that. That was a statement made in the midyear review and we're not doing that now. We've actually locked in the \$850 000. All other speakers mentioned that, too, and I have interjected occasionally, but it is a key point.

**Ms S.F. McGURK**: Perhaps the minister can explain, when he makes his reply to the second reading debate, exactly how much the government is cutting and when it will take effect.

It is my understanding that the decision to defer the lifting of the exemption will cost WA businesses about \$481 million over three years. The frustration is that the government says one thing and does another. It made a promise during the last election campaign that there would be support for small business and employers throughout this state, and it is now blaming the significant decline in iron ore, which a number of people predicted. No-one expected that iron ore would remain at its previous levels. The state government also sheets blame to the GST distribution, and that also is absolutely no surprise to anyone; it was certainly known by the government in advance. The government blames those two factors in particular, but the WA public is well aware that the government has blown opportunities for growth during its two terms in office. The government will leave a significant legacy of debt for future generations to pay, but it is also mismanaging day-to-day operations so that debt is increasing at an exponential rate, and that is what really concerns people.

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We have had a series of broken promises from the government, and this is just one of them. It was a promise to deliver payroll tax relief to small business, but what in practice is this government doing to support small business which is, as we know, a significant employer throughout our state? Certainly in my electorate it is doing very little. In 2012, the state government, under the previous Minister for Finance, announced the relocation of a major government department to Fremantle—the Department of Housing. People in Fremantle welcomed that announcement because it was expected to deliver, to my understanding, about 1 000 more people working in Fremantle’s CBD. Not only would we have those people working in Fremantle, but also a development would go ahead to house that government department. Currently, there is not enough commercial space available in Fremantle for that department. That was a very welcome announcement that was made in 2012; it is now coming up to May 2015, and still the government says it is working on the figures for that relocation. It has created a huge amount of uncertainty in Fremantle, and for those people who I think are probably being realistic, a huge amount of disappointment and frustration. By the government not having the guts or courage to announce that it has backed out of that commitment to relocate the Department of Housing to Fremantle, it is in fact leaving a section of the business community in Fremantle, the council and the businesses that depend on that sort of development around Fremantle in a state of limbo, hoping something might happen. They have had a series of meetings with the departments involved and they were assured that the business case is still being looked at, and that an announcement will be made soon; in fact, people were given cause to feel optimistic about the possibilities of that relocation. I hope they are right, but I have not seen one single sign that the government will deliver on its promise.

I think of the case of the owners of a small cafe opposite Fremantle library called the Green Bean Cafe. I got to know those owners well because when I first got elected, my electorate office was just alongside that cafe. I obviously got to know those people and bought from them quite often. They are running a nice little cafe there, but they are at their wit’s end. For those members who do not know the area of Fremantle, the area that could be developed for the relocation of Housing is called Kings Square, where there is the old Myer building and the Queensgate Building. It is not certain that would be the location of the relocated department, but it is a possible and likely location. The Green Bean Cafe is right in the middle of the Queensgate Building, so those owners are just at their wit’s end about what is going to happen. Their business now is worth very little because the whole area is run-down and there has been no investment in the building because the developers, Sirona Capital Management, and the City of Fremantle are waiting for an anchor tenant to do the development of that building and the whole area. This couple have had health scares on the part of the husband who runs that business, and they are really as a result of stress and because they are wondering what they can do. The level of uncertainty is affecting them and driving them to despair. I have had a series of meetings and discussions with them about what they can do, which, frankly, is very little; I think they should feel frustrated at the state government.

But that is just one example. Many, many businesses in Fremantle have been left in a state of uncertainty while a decision is made on that development. Particularly in the retail sector people want some action or some assistance from the state government; not only are they getting no assistance, but also they are being held back by the possibility that this relocation might occur but no actual decision has been made by the government. What has the government done? It managed to take away 1 900 jobs when it opened Fiona Stanley Hospital and changed the reconfiguration of Fremantle Hospital. So far, Fremantle Hospital looks appalling. The front of it, around the South Terrace side, is covered in plastic and I hope that is a result of the internal reconfiguration and construction work that is taking place and that it is not a look that will stay in Fremantle Hospital for some time. The community understood that there would be changes at Fremantle Hospital when Fiona Stanley Hospital came on line. What the community did not expect, and they are frustrated about, is that the state government would use the relocation of services from Fremantle Hospital to Fiona Stanley as an opportunity to cut staff and to cut people with particular expertise from units as a result of that transfer. Probably the starkest example of that concerns families of patients in the inflammatory bowel diseases unit. Many of those people have spoken to me a number of times and I have met a number of people who are involved in a support group, including a few of my constituents who were patients of that unit, and they have said that they have been frustrated that particular expertise was being lost in the transfer of those services to Fiona Stanley. I am talking about not only staff members who had years of experience, but also a 24-hour hotline available to patients to ring any time if they needed advice or assistance. That 24-hour service was axed in the relocation of that service to Fiona Stanley. Those patients and their families are very frustrated because it was such a great service. The alternative for those people is going to their GP or, if it is after hours, going to an emergency department to seek assistance when often the matters could be resolved over the phone. I listened carefully this week when the Minister for Health gave the assurance that those services would be reinstated at Fremantle—services that those people had enjoyed at the inflammatory bowel diseases unit at Fremantle Hospital. I will be contacting my constituents and other people who were patients of that unit to point out that commitment of the Minister for Health and to ensure that that commitment is held to account. I know Phil Olsen, whose son, a grown man, died as a result of the

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administration of incorrect medication, and it is heartbreaking and completely unacceptable to know that that may have occurred because the particular staff who had expertise in that area were not transferred to Fiona Stanley. If that is the case, it is terrible that it took that tragedy for the government to act in the case of that unit when people were going to the government and pointing out the expertise that had been lost in that instance.

I was speaking before about not only the lack of support that the state government has given to small business in my electorate but also the examples whereby the government is holding those businesses back from any progress by not coming clean on its announcement in relation to the Department of Housing and stripping 1 900 jobs—a huge number of jobs—from central Fremantle in the case of the hospital relocation.

I could speak about any number of broken promises to provide important comparisons between what the government said it was going to do and what it is actually doing in relation to payroll tax. Another example of that is when the Premier said in 2012 that he wanted to make it clear that the government would not introduce toll roads in Western Australia. I think the public needs to know that. What the Premier said was very clear and no ambiguity could be drawn from that statement. What is the state government saying now? A heavy-vehicle user charge or a per-kilometre charge on heavy vehicles only for the freight route between Muchea and Fremantle is planned to start once the road is finished.

**Mr C.J. Barnett:** The industry supports it.

**Ms S.F. McGURK:** I do not think the industry supports it, Premier, and those who do support it are asking why trucks should be the only ones paying a toll on that —

**Mr C.J. Barnett:** Because we are building it only for trucks.

**Ms S.F. McGURK:** Will cars not be using the Perth Freight Link?

**Mr C.J. Barnett:** It is being built for heavy traffic of trucks and to separate trucks from domestic —

**Ms S.F. McGURK:** Will cars be using that —

Several members interjected.

**The ACTING SPEAKER (Mr P. Abetz):** Order, members! One speaker at a time, thank you. The member for Fremantle has the floor.

**Ms S.F. McGURK:** Let us be clear on this, Premier: will the Perth Freight Link be used by both cars and trucks?

**Mr C.J. Barnett:** The toll will be paid for trucks, not for cars.

**Ms S.F. McGURK:** How long will it be before people in the industry say, “We are using this new Perth Freight Link because we wanted to avoid congestion. Now cars are using this road. Why are we the only ones paying the toll?”

**Mr C.J. Barnett:** Because they are the ones who will save money on it.

**Ms S.F. McGURK:** They will not save money if it is congested once they reach Stirling Bridge and Tydeman Road.

**Mr W.J. Johnston:** It is still shorter if they use Leach Highway.

**Ms S.F. McGURK:** That is right. Like everyone else, truck drivers know that the shortest route between two points is a straight line.

**Mr C.J. Barnett:** They will be told to use the new freight link.

**Mr W.J. Johnston:** They have been told not to use Leach Highway and they still are because the Premier will not enforce the rules.

**Ms S.F. McGURK:** That is right.

[Member’s time extended.]

**Ms S.F. McGURK:** The Premier was very clear that there would not be a toll. Now he is saying that there will be a toll for trucks. The government is being disingenuous in its discussions with the trucking industry, which represents those who will be subject to the tolls, because there is no detail. There is absolutely no detail about what those tolls will look like, how they will apply and how much those truck drivers, or eventually all drivers, will be subject to under that toll-road system. It is interesting to note that the toll will apply for the whole length of the road, when parts of that route have previously been paid for by federal governments, particularly federal Labor governments, and there was no talk then of any sort of toll applying to that road. I doubt very much whether this link will save those truck drivers any time, particularly when they get to Stirling Bridge and Tydeman Road. That area is congested now. The Perth Freight Link will run from Kwinana Freeway and take

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Roe 8 over the wetlands. It will then head down Stock Road, High Street and Stirling Highway and arrive at Stirling Bridge and Tydeman Road, in the Premier's electorate. I do not know what the Premier is proposing will happen to those trucks then, because the Perth Freight Link, as we currently understand it, is an absolute design failure. It was interesting to note that only a couple of weeks ago, locals around Clontarf Hill in my electorate wondered why some drilling and testing were taking place. Sure enough, the Minister for Transport's office confirmed that Main Roads Western Australia is doing some testing because it might be better to build a tunnel along the old eastern bypass rather than the Perth Freight Link. At this advanced stage of the project, the government is hedging its bets. It has been thinking that if it has a causeway over the Beeliar wetlands, it might look at building a tunnel down Stock Road instead of the Perth Freight Link. It is just extraordinary. We do not know where the tunnel would come out. Presumably, the government is looking at a tunnel option because of the design fault across Stirling Bridge and into North Fremantle. The whole exercise is an absolute debacle of a project.

The government does not know whether it is building a road or a tunnel; it actually needs a port. The port of Fremantle will be at capacity on its current growth rates, which at the moment are about 10 per cent per annum. That is the last figure that I saw from the Fremantle Port Authority. The port of Fremantle will be at capacity in about five years when the Perth Freight Link will be built. Even using the government's own figures, the port will be at capacity by 2025. Within five to 10 years, the port of Fremantle will be at capacity and this road will be redundant. This government will not have put one penny towards planning or developing the much-needed second port, probably in the Kwinana outer harbour.

**Mr C.J. Barnett:** Are you advocating moving Fremantle port out of Fremantle?

**Ms S.F. McGURK:** I am not advocating moving the port of Fremantle; I am echoing what industry has been saying for the past 10-plus years; that is, that the second port needs to be developed. Industry says—the last significant study into this was in 2002—that Fremantle would increase in capacity while that second port was being developed and built, say, in the Kwinana outer harbour, but it would then have around 600 000 containers. It now holds about 700 000 containers.

The Perth Freight Link proposal is predicated on increasing the number of containers at the port of Fremantle by 200 000. Up until the proposal for the Perth Freight Link, the capacity of the port of Fremantle was spoken of as 1.2 million containers. Now with the Perth Freight Link proposed, the talk is about the port of Fremantle having a capacity of 1.4 million containers. That is 200 000 more containers. If that does not put more trucks onto our roads, I do not know what will. During a radio interview just in the past couple of weeks, the Minister for Transport led us to believe that the government could be looking to expand the port of Fremantle even further from the figure of 1.4 million containers. The port operators working at the port of Fremantle say that they have the room to expand to two million containers. As I said, if we are now at 700 000 containers and the stevedoring companies are saying that they could expand to two million containers, that is about three times the number of containers going in and out of the port of Fremantle. The only thing that is restricting them is the logistics in and out of the port. If this government has its way, a huge road will deliver all that freight traffic by truck. Of course that will drive traffic away from our rail infrastructure and I believe it will be worse for local roads because of the toll. I think trucks will be encouraged to use alternative routes. Unless the design fault of Stirling Bridge and Tydeman Road is resolved, we will have huge congestion in that area. The government will have invested so heavily in this ridiculous road that it will be forced to increase the capacity of the port of Fremantle even more. Is this really something that the government is thinking about for the next 50-plus years? Does it think that Perth's only metropolitan container port should stay at Fremantle in the middle of a built-up area? If so, that is absurd. The port of Fremantle should remain, but it should have fewer containers than it has now. We need a government that thinks about the future and what we need for the next 50-plus years, not what it needs to be re-elected in 2017, which is all it is thinking of when it looks at the Perth Freight Link proposal.

The number of dollars going into that road is absurd. It is an absurd waste of precious infrastructure dollars. As I said, those dollars should be going towards the planning and development of a much-needed second port. It is fairly astounding that the government is allocating over \$200 million to the Perth Freight Link. It is fairly astounding that \$440 million of the state component for the Perth Freight Link will be recouped from the toll road, and \$230 million will be allocated from the state government, yet not one penny of that money will go into providing the freight and transport infrastructure that is really needed for our metropolitan area.

I can talk about many other issues to do with the Perth Freight Link. However, there are many other broken promises that this state government has inflicted on the electorate—certainly my electorate, and I know also the electorates of other members.

**The ACTING SPEAKER:** Can members keep their voices down a little, thanks.

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**Ms S.F. McGURK:** Not the least of those broken promises is the funding cuts that have been made to our schools. At the beginning of this school year, the principal of John Curtin College of the Arts came back to the school with the news that his school would be \$600 000 worse off than he had thought it would be when he left the school at the end of last year. That is a lot of dollars. That is a huge cut for one of our standout high schools—a performing arts school, and a school that the state is very proud of, as it should be. John Curtin is doing well, but this government has decided to rip hundreds of thousands of dollars from the budget of that school and thinks that will not affect the quality of education of the students at that school. I think that is wrong. There are many examples throughout my electorate of schools that have had programs cut and staff cut. The number of education assistants has been cut. There have been 500 job cuts in education and 1 000 job cuts across the public sector. That is in contrast to what the Premier said in September 2012. The Premier said that there are no cuts, proposed or planned, to staffing in the public sector—none at all. That is what the government says; however, that is not what the government does. It is just extraordinary.

Members would be aware of the frustration of people in their electorate when the government promised that electricity prices would be capped at the consumer price index. I remember that very well.

**Mr C.J. Barnett:** No, I did not say that. That is absolutely not true.

**Ms S.F. McGURK:** The Premier said that in the televised debate. The Premier said, “at or about the CPI”. I remember watching the Premier on television.

**Mr C.J. Barnett:** I did not say that.

**Ms S.F. McGURK:** What did the Premier say, then? That is exactly what the Premier said.

**Mr C.J. Barnett:** No. Go back and watch the debate. I never said that.

**The ACTING SPEAKER:** Members! The member for Fremantle has the call.

Several members interjected.

**The ACTING SPEAKER:** I am calling everyone to order, thank you very much.

*Point of Order*

**Mr W.J. JOHNSTON:** Mr Acting Speaker, I wonder whether we could buy the Premier a coffee. That would make it a lot easier for us in the chamber.

**The ACTING SPEAKER (Mr P. Abetz):** That is not a point of order. Please resume your seat. The member for Fremantle has the call.

*Debate Resumed*

**Ms S.F. McGURK:** My very clear recollection is that the Premier said that electricity prices would be capped at or about the CPI. That is what the Premier said. But let us look at the reality. What did the Premier actually do? Electricity prices increased by four per cent, water increased by six per cent, gas increased by 6.4 per cent, and of course the emergency services levy increased by 7.8 per cent. The state government says one thing and it does another. The current Taxation Legislation Amendment Bill is just another example of that. It is appalling.

**MR W.R. MARMION (Nedlands — Minister for Finance) [9.00 pm] — in reply:** I want to thank the 17 speakers who spoke on the Taxation Legislation Amendment Bill 2015.

Several members interjected.

**The ACTING SPEAKER:** Members! The minister has the call.

**Mr W.R. MARMION:** The first speaker, the member for West Swan, spoke on all aspects of the bill. She was the only member who did. The bill is fairly simple. It amends the Pay-roll Tax Assessment Act 2002 to bring in a gradual diminishing tax-free threshold that goes from a payroll of \$800 000 to \$7.5 million, at which the tax-free threshold will be lost. It also amends the Duties Act to extend a duty concession to the custodian for a trustee of a superannuation fund that currently does not exist so that it conforms with the changes to the superannuation industry that now allow superannuation funds to hold property provided that it is held by a custodian. It also amends the Land Tax Assessment Act to pick up a couple of issues. It will no longer allow a landowner to claw back the duty that would be payable after five years if their residential land was compulsorily acquired. It also amends the anti-avoidance provisions to allow the Commissioner of State Revenue to retrospectively determine for five years the tax payable by those people who might try to avoid paying land tax by splitting with small parties the ownership of property that they hold.

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During the debate, a number of relevant questions were raised by the 17 speakers. The member for Cockburn and a number of other members raised a point erroneously. The member for Cockburn stated —

That brings me to the 2013 election commitment in which the former ... Treasurer, Troy Buswell, made a commitment to lift the tax-free threshold to \$850 000. That was never implemented and now, of course, we are going back to whack everyone else with a payroll of between \$800 000 and \$7.5 million ...

That is not correct. The Revenue Laws Amendment Act 2014 raised the tax-free threshold from \$750 000 to \$800 000 effective from 1 July 2014. The same amendment act also legislated that the tax-free threshold will rise to \$850 000 on 1 July 2016. This honours the election commitment made to raise the tax-free threshold. Members were commenting on a statement that was made at the midyear review, but that is not part of this bill.

Mr Speaker, I hear some mumbling across the chamber.

**Mr W.J. Johnston:** I said that you did not mention that issue in your second reading speech.

**The SPEAKER:** Thank you! Through the Chair.

**Mr W.R. MARMION:** The reason it was not mentioned in the second reading speech is that it is not part of the bill.

**Mr W.J. Johnston** interjected.

**The SPEAKER:** Members, thank you! Through the Chair.

**Mr W.R. MARMION:** The member for Gosnells, who is not in the chamber, raised the implications for land tax and the metropolitan region improvement tax. He is correct that any changes to the clawback of land tax will affect the metropolitan region improvement tax as a consequence. It is not part of this bill, but in this particular instance, there will be a benefit to the landholder from the amendment we are making to the act. There will be a reduction in the metropolitan region improvement tax payable by a landholder whose property is subdivided due to a compulsory resumption.

During the second reading debate the member for Armadale and the member for Kwinana—and others in a different way—raised concerns about the impact of payroll tax on employment opportunities for apprentices. I can say that in 2012 the state government introduced an exemption to encourage employers to employ persons with a disability and introduced a rebate for employers who employ Indigenous persons. The rebate applies to the first two years of employment of these persons. Similar concessions are provided to encourage employment of apprentices and trainees. They are not included in the payroll.

The member for Cockburn also said that in the 1997 state election campaign the Liberal Party said that it would abolish payroll tax. We managed to dig up —

**Mr C.J. Barnett** interjected.

**Mr W.R. MARMION:** No; we did not. I have got whatever year it was. The Liberal–National coalition business policy is dated November 1996. I can table this document. It did not state that it would abolish payroll tax; it states —

Tax reform is on the Council of Australian Governments agenda, and until national tax reform is achieved, States will not be able to move from their business tax bases.

I might add that under the Court coalition government, the payroll tax exemption increased from \$375 000 to \$675 000. That was a good result way back in 1996, and is quite the opposite of what the member for Cockburn claimed.

**Ms R. Saffioti** interjected.

**The SPEAKER:** I do not want to hear from you, member for West Swan.

Several members interjected.

**Mr B.S. Wyatt:** You understand what your bill is doing tonight?

**The SPEAKER:** Member for Victoria Park!

**Mr W.R. MARMION:** Under “State Taxes” in the Liberal–National coalition business policy, it states —

State taxes, such as payroll tax, stamp duty and fuel franchise levy are essentially business taxes.

Far from saying that they would be removed, it is quite the opposite.

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The member for Mirrabooka, who is not here either, had a personal question that ties in slightly with the Duties Act. Her concern was that the commonwealth has not amended its act to allow the division of superannuation funds for de facto couples. We have referred our powers but the commonwealth has not made the very small amendment required to enact that. If that is the case, it is true that a very small consequential amendment will be required to the Duties Act to make sure it is a \$20 fee. She raised another question, which I have managed to get a response to even though it is a commonwealth taxation matter. She asked whether payroll tax is a deductible expense for companies. Although I am not an expert and my advisers are not from the Australian Taxation Office, we believe it is. Therefore, a \$44 000 increase in payroll tax is potentially only a \$30 800 increase for a company that earns more than \$7.5 million. Companies should be able to claim that deduction.

Most of the other concerns raised by members were about the impact of the \$397 million on small businesses. Obviously, we are aware of that and that is why there will be no impact on businesses earning under \$800 000 and why the threshold is being recouped over the diminishing range from \$800 000 this year to \$7.5 million. When the \$850 000 threshold comes into existence in July 2016, it will be recouped over the range of \$850 000 to \$7.5 million.

I think I have covered most of the points pertinent to the bill. This government supports the bill and is keen for it to progress. I commend the bill to the house.

*Division*

Question put and a division taken with the following result —

Ayes (32)

Mr P. Abetz	Ms W.M. Duncan	Dr G.G. Jacobs	Dr M.D. Nahan
Mr F.A. Alban	Ms E. Evangel	Mr S.K. L'Estrange	Mr D.C. Nalder
Mr C.J. Barnett	Mrs G.J. Godfrey	Mr R.S. Love	Mr J. Norberger
Mr I.C. Blayney	Mr B.J. Grylls	Mr W.R. Marmion	Mr D.T. Redman
Mr I.M. Britza	Dr K.D. Hames	Ms L. Mettam	Mr A.J. Simpson
Mr V.A. Catania	Mrs L.M. Harvey	Mr P.T. Miles	Mr M.H. Taylor
Mr M.J. Cowper	Mr C.D. Hatton	Ms A.R. Mitchell	Mr T.K. Waldron
Mr J.H.D. Day	Mr A.P. Jacob	Mr N.W. Morton	Mr A. Krsticevic ( <i>Teller</i> )

Noes (17)

Dr A.D. Buti	Mr M. McGowan	Ms M.M. Quirk	Mr B.S. Wyatt
Ms J. Farrer	Ms S.F. McGurk	Ms R. Saffioti	Mr D.A. Templeman ( <i>Teller</i> )
Mr W.J. Johnston	Mr M.P. Murray	Mr C.J. Tallentire	
Mr D.J. Kelly	Mr P. Papalia	Mr P.C. Tinley	
Mr F.M. Logan	Mr J.R. Quigley	Mr P.B. Watson	

Pairs

Mr J.M. Francis	Mrs M.H. Roberts
Ms M.J. Davies	Ms L.L. Baker
Mr G.M. Castrilli	Mr R.H. Cook
Mr R.F. Johnson	Ms J.M. Freeman

Question thus passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

*Consideration in Detail*

**Clause 1: Short title —**

**Ms R. SAFFIOTI:** I understand that clause 1 deals with the short title of the bill and that, when passed, this bill will be called the Taxation Legislation Amendment Act 2015. Were any other names or titles considered for this bill; and what was the process in determining the name or title of this bill?

**Mr W.R. MARMION:** There is already an act called the Taxation Legislation Amendment Act 2015. On 17 February 2015, the Legislative Council passed the Taxation Legislation Amendment Bill (No. 2) 2014. Royal

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assent of this bill was given on 25 February 2015, and as it was passed in 2015, it was given the title Taxation Legislation Amendment Act 2015. That is the normal form for the title of legislation; it is the convention.

**Mr B.S. WYATT:** Did the minister just say that a piece of legislation with that name has already been passed? That is what the minister just said.

**Mr W.R. Marmion:** Not this particular legislation; the convention is that related legislation keeps the same title.

**Mr B.S. WYATT:** The minister said that a piece of legislation called the Taxation Legislation Amendment Act 2015 has already been passed. Can the minister confirm that? I may have got it wrong.

**Mr W.R. MARMION:** A bill was introduced in 2014, but because it received royal assent in 2015, the convention is to call it the Taxation Legislation Amendment Act 2015.

**Mr B.S. WYATT:** I want to clarify this because the minister was talking about a different bill that received royal assent in 2015, but I assume it was still called the Taxation Legislation Amendment Act 2014 because that is when it passed through the Parliament—the minister can correct me if I am wrong. Otherwise, if the legislation that was passed is called the Taxation Legislation Amendment Act 2015, there will be two pieces of legislation of the same name.

A member interjected.

**The SPEAKER:** Member for Mandurah, if you want to talk, I suggest you go back to your seat.

**Mr W.R. MARMION:** When this bill is passed, it will become the Taxation Legislation Amendment Act (No. 3) 2015.

**Mr B.S. WYATT:** Can I just ask why the bill is not called the Taxation Legislation Amendment Bill (No. 3) 2015?

**Mr W.R. MARMION:** That is parliamentary counsel's style of drafting bills. That is what they provided us with and that is what we ran with.

**Mr B.S. WYATT:** Assuming this bill passes through Parliament, there will be an addition to it—being “(No. 3)” —that is not actually part of the bill that passed through Parliament. Are there are other conventions that will insert other things in the legislation that are not in the bill before the chamber that we are debating tonight?

**Mr W.R. Marmion:** I don't understand your question. What other parts of the bill?

**Mr B.S. WYATT:** I asked: will the Taxation Legislation Amendment Bill 2015 have the same name as another one? The minister replied that it would not. When it passes through Parliament, this legislation will be called the Taxation Legislation Amendment Act (No. 3) 2015. Is that correct?

**Mr W.R. Marmion:** Yes.

**Mr B.S. WYATT:** Because “(No. 3)” is not actually on the cover of the bill, and the minister just said that that is part of the parliamentary drafting process, can the minister confirm that that is the case? It is new to me. Secondly, will any other parliamentary drafting processes add anything more to this, as it will add “(No. 3)” to the title?

**Mr W.R. MARMION:** I think I understand the question. Nothing more is to be added to this legislation. I think the member's question relates to whether, if we bring in another bill later this year, that will become bill No 4. Is that what the member is suggesting? This is the bill; this is it. There is nothing to be added.

**Mr B.S. Wyatt:** Why is it not called No 3, if that is what the act is going to be called?

**Mr W.R. MARMION:** It is by convention. I have just answered that. Parliamentary counsel has said that it is the convention to not put the number 3 in.

**Mr B.S. WYATT:** Can the minister advise whether there are conventions that will add anything else to this bill?

**Mr W.R. MARMION:** I see what the member means. Are there any other conventions that will add another word or a number to the title? Not that we are aware of.

**Ms R. SAFFIOTI:** Can I just clarify this? As I recall, from my memory, last year there were two taxation legislation amendment bills. When the second one came into the chamber, it was called “(No. 2)”. That was not put onto the bill later on. Can I ask why this has been a change in convention? The minister is asking the Parliament to agree to a title that will then be changed, and that is what we are trying to get our heads around. The Parliament is being asked to approve a title that will subsequently be changed. Can I ask for that clarification?

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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**Mr W.R. MARMION:** The advice that I have—it is becoming clear to me now—is that because this is the first bill to be introduced this year, the convention is that it is No 1. We do not actually put “(No. 1)” in the title, but this bill will become the third act this year. That is the convention at the moment. This is a bill and not an act.

**Mr W.J. JOHNSTON:** I have just gone to the database at [slp.wa.gov.au](http://slp.wa.gov.au) and printed out the first few pages—not the entire 35-page piece of legislation. I am holding in my hand something that came from that database and states “No. 1 of 2015” Taxation Legislation Amendment Act 2015. There will be two acts with the same name. It does not seem sensible. If this Parliament decides that this legislation will be called the Taxation Legislation Amendment Act 2015, is some sort of authority given to the Clerks to change the name? I could understand if that were in the standing orders. When I was state secretary of the Labor Party, at the end of a conference a resolution was passed that stated that the state secretary could fix the grammar. It is a usual sort of practice, but I was not familiar with that. I just draw the minister’s attention to the fact that the Taxation Legislation Amendment Act 2015 was the primary production amendment to the Land Tax Act the last time that the current Minister for Transport was Minister for Finance. Is the minister saying that this legislation will end up having “(No. 3)” added at the end because of some authority given to the Clerks, so that even though the minister is asking the chamber to vote for this title, we are allowing some amendment through this other procedure? I am not familiar with that practice

**Mr W.R. MARMION:** As I explained last time, this is a bill. When it becomes an act, if another act has the same title, another number is put on it so that there is no confusion. This one will have the number 3 beside it.

**Ms R. Saffioti:** Why does the minister not change it now?

**Mr W.R. MARMION:** It is because that is convention. I am not the parliamentary counsel; that is the convention. It is the first one brought in this year. It is a bill —

**Mr W.J. Johnston:** I can understand the bill’s title. I am not talking about that; I am talking about the title of the act.

**Mr W.R. MARMION:** Does the member want to move an amendment to change the title of the bill?

**Mr W.J. Johnston:** No. I am just asking the minister to —

**Mr W.R. MARMION:** I just told the member that I am accepting the parliamentary counsel’s convention.

**Mr W.J. JOHNSTON:** Perhaps I could ask Mr Speaker for guidance on this matter. If the minister is not prepared or not able to answer why it will have a name different from the one included in the short title —

**Mr W.R. Marmion:** I think I have mentioned the answer three times.

*Point of Order*

**Mr W.J. JOHNSTON:** The minister has not given any commentary on the standing orders. I thought the minister was going to say, “Standing order X, Y, Z says this”, and then I could understand. It is not exactly a complex issue. I am not even saying that it is improper; I am just saying that I do not understand it. If it is better, Mr Speaker, I am happy to ask by way of a point of order. The bill is called the Taxation Legislation Amendment Bill 2015. I understand exactly what the minister is saying about the title of the bill, but we are talking about the short title, which states —

This is the *Taxation Legislation Amendment Act 2015*.

I hold in my hand a copy that I printed off that database that I referenced. It says “Taxation Legislation Amendment Act 2015 (No. 1 of 2015)”. It is the one that dealt with primary production and land tax issues. I do not understand how this relates to the sovereign Parliament of Western Australia, which has absolutely nothing to do with the parliamentary draftsman—the parliamentary draftsman is an officer of the executive. I am not talking about the action of the executive; I am talking about the action of the Parliament. Surely it cannot be that hard to point out to me which standing order allows it to be corrected.

**The SPEAKER:** I understand that the member is taking this as a point of order.

**Mr W.J. JOHNSTON:** I am not taking a point of order.

**The SPEAKER:** I thought you said that you wanted to raise it as a point of order.

**Mr W.J. JOHNSTON:** I said that maybe it would be better if I raised it as a point of order.

**The SPEAKER:** Do you want me to answer it for you, because you are going down the wrong track?

**Mr W.J. JOHNSTON:** If you, Mr Speaker, want to take it as a point of order, thank you.

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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**The SPEAKER:** I will take it as a point of order. This is not something that is dealt with in the standing orders. It is not an Assembly process, so it is not something that the member can refer to me for any guidance. I will hand back to the minister.

*Debate Resumed*

**Mr W.R. MARMION:** As an engineer, I can think of a very good reason why —

**Mr W.J. Johnston** interjected.

**Mr W.R. MARMION:** How the hell can I answer a question when he keeps interjecting?

**Mr W.J. Johnston:** Because you're not answering the damn question!

**The SPEAKER:** I want to tell the member for Cannington and the member for West Swan that they are both on three calls today —

**Mr W.J. Johnston:** No, I am not. I am on two.

**The SPEAKER:** You are on three. If you want to go home early, continue to interject. We are trying to get this thing moving. Let the minister answer.

**Mr W.R. MARMION:** I am not the parliamentary counsel, but just as an engineer, I can think of a really logical reason. I am not saying that this is the reason, because I will have to talk to some of my parliamentary counsel friends whom I went through university with. Would it not be sensible to have the short title without a number, "This is the Taxation Legislation Amendment Act", because it is a bill? There might be another bill that is numbered 2, 3, 4 or whatever later on, but it is not known because the other bill might overtake it going through the house. If one actually took a punt and put the number 3 in now, it might be wrong. Parliamentary counsel are smart people; they might decide to wait until the bill receives assent before they put a number on it so they do not stuff up. It makes sense to me, but I am only an engineer.

**The SPEAKER:** I am wrong; you are right: only two.

**Mr W.J. JOHNSTON:** I agree that that is a very logical procedure. As I said, when I was state secretary, we used to have a special resolution that allowed me to fix the grammar and the numbering. It is a very, very sensible system, but that is not what I asked. I did not ask whether it was a sensible system, because we both agree that it is a sensible system. I asked about a separate issue. I asked: what is the procedure that allows that to occur? The minister just said, and I accept it, that he is not aware of the procedure and that he is going to have to take advice. That would be a very good decision for the minister, because we are not arguing about the logic of it; we are asking about the procedure. As I understood it, the short title, when agreed to by this chamber and the other chamber, would be implemented; I was never aware that there was some other procedure that comes into effect. If there is, let us say that the Governor gets to make the decision. I do not know and that is why I asked the minister to tell me. I never disputed that it was a logical decision; I just asked what the procedure is and the minister finally answered that he did not know what the procedure is. That is very, very relaxing for me. I am very comfortable with that answer, but that is the first time we have had an answer, and we could have been off this clause if the minister had simply answered that at the start. I know it is very hard for the minister; he is the third Minister for Finance of the current Parliament. Each successive finance minister in this government has had to bring in tax legislation. It is the first thing they have to do as finance minister. They come into the chamber as Liberals, promising lower taxes, but then they have to come in here and deliver higher taxes. I understand how uncomfortable that is for the minister, but if he were to simply cooperate with the chamber, things would work better. So, after 15 minutes of this procedure, I thank the minister for finally answering the simple question that was asked by this side of the chamber.

**Mr B.S. WYATT:** I have a couple of questions for the minister. The minister asked the opposition whether we wanted to move an amendment to the short title of the bill, that being the Taxation Legislation Amendment Act 2015. Would the minister like us to move an amendment so that the title reads "Taxation Legislation Amendment Act (No. 3) 2015"? Would that clarify things for the minister? No? It seems we are terribly unclear about the process for naming our legislation. I am not an engineer, so I may get this wrong. Would it be clearer if we called it, for example, the "Oh My God the 2013 Election was Not Fully Funded and Fully Costed After All Act 2015"? Would that make it clearer? I think it might make it clearer. It might make it clearer if we were to call it "The Fully Funded, Fully Costed Election was Actually a Lie Act 2015". That is one way we could do it.

**Mr W.R. Marmion:** That'd be silly.

**Mr B.S. WYATT:** That would be silly! I thank the parliamentary secretary; I appreciate that. The parliamentary secretary says that it would be silly to move that, but the parliamentary secretary sat there, unable to tell us about the process for naming the legislation, as the member for Cannington just outlined. He could not even tell us the

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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name of it. We could have been off this clause at 10 past nine if he had known. We could call this bill a number of different things, such as the “Liberal Party Increasing Payroll Tax Act 2015”. That would make fairly crystal clear what the government is doing. The parliamentary secretary said that he loves this; I heard him say it! The parliamentary secretary said this.

**The SPEAKER:** The minister.

**Mr B.S. WYATT:** We could change the name to something else: the “Oh My God We’ve Got an \$8 Billion Loan Bill Coming Our Way We’d Better Increase Taxes Act 2015”. We could call it that. We could call it the “Oh My God the Budget Breakfast Where Troy Buswell and Ben Wyatt Debated Each Other and Troy Buswell Said He’d Cut Payroll Taxes and Ben Wyatt Said We Couldn’t Afford it Because it’s Debt Funding a Tax Cut Act 2015”. That would make it fairly clear as well. The minister may now recall or have some appreciation of my frustration at the fact that less than two years ago, the government said that it was all fully funded and fully costed and that the people of Western Australia were going to get everything without any consequences. Now we have the “Taxation Legislation Amendment Act (No. 78) 2015” because the parliamentary secretary has told me that some process —

**The SPEAKER:** First of all, it is the “minister”; and second of all, your argument is now becoming irrelevant and it is not relevant to the point, so please come back to the point.

**Mr B.S. WYATT:** Sorry; the Acting Speaker (Mr P. Abetz) before you referred to him as the parliamentary secretary, and I assumed something had happened along the way.

**Mr P. Abetz:** I did correct myself.

**Mr B.S. WYATT:** Yes, but the member for Southern River corrects himself all the time, so I am never entirely sure about what is true and what is not. I am sorry, Mr Speaker. I am delighted, minister, that something has not happened along the way that the Premier needed to inform the Parliament of, and that the minister has maintained his title and accoutrements as a minister of the Crown unable to tell us why it will be called the Taxation Legislation Amendment Act 2015. I just make the point that we did not need to be on this, but I will be making the point time and again about the fully funded, fully costed election promise. The government is probably getting sick of it now; it has been two years. There will be two more years of it—do not worry about that. I do not know whether we will take up the offer from the minister to amend the bill as he asked. I am not an engineer; I do not know.

**Ms R. SAFFIOTI:** I just want to go through some of the minister’s logic, which was that this bill cannot be given a number because if another bill goes through the house —

**Mr W.R. Marmion:** It was a suggestion.

**Ms R. SAFFIOTI:** — without a number, and then we put a number on that, it will confuse everything. But if we gave every bill a number when it came into the place, that would not be the situation. The minister’s premise that if we gave this one a number, it may be the same as the number that we ultimately put on another bill is only correct if we do not give them all numbers.

**Mr W.R. Marmion:** No, I did not say that.

**Ms R. SAFFIOTI:** No; my logic is right and the minister’s is wrong. The minister is saying that if we give one piece of legislation a number and not the others —

**Mr W.R. Marmion:** No; I said that if you give them all a number, you might get them wrong.

**Ms R. SAFFIOTI:** But how?

**Mr W.R. Marmion:** Because if this was No 3 and we had another —

**Ms R. SAFFIOTI:** But if a number is the number, how could it be wrong? It may be the number of when —

**Mr W.R. Marmion:** Because you want them to be in sequence when they are enacted.

**Ms R. SAFFIOTI:** But we might want to have them in sequence when they are introduced.

**Mr W.R. Marmion:** It would be a bit confusing if you had act No 4, when it actually was passed before act No 2.

**Ms R. SAFFIOTI:** But surely it is only an issue because the minister’s government is bringing in a taxation increase every month and now we have had about three or four taxation legislation amendment bills?

**Mr W.R. Marmion:** That is not on the point.

**The SPEAKER:** Minister, just one thing at a time. If you want to speak, speak through the Chair.

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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**Ms R. SAFFIOTI:** I still have a problem with this because I just do not understand it. I think the minister said to the member for Cannington that he would get advice, but I just do not understand how we as a Parliament can approve a title that is then changed. I just do not understand that. Could the minister give it another burl at explaining exactly how that happens, who actually makes the decision to put the number 3 in it, how it has happened, and under what legal institution that is possible? Again, I am no engineer, so I am not an expert on legislation, but —

**Mr W.R. Marmion:** What do you mean by “legal institution”?

**Ms R. SAFFIOTI:** I just do not understand what mechanism —

**Mr W.R. Marmion:** You obviously don’t.

**Ms R. SAFFIOTI:** Pardon?

**Mr W.R. Marmion:** You obviously don’t.

**Ms R. SAFFIOTI:** No. So, can the minister explain exactly who makes that decision, how it is made and how it is executed that a number 3 is put into this title even though the Parliament has approved a title without a 3 in it?

**Mr W.R. MARMION:** We do not know exactly who does that, but I have been advised by my advisers here that the reason is the reason I have actually articulated: they do not put a number there because they want to wait until it becomes an act and they get the number right and in sequence.

**Ms R. SAFFIOTI:** I understand, if I agree with the minister, why they do it. I want to know under what legal institution and how it has happened. Who makes a decision to stick the number 3 in it, not a 4 and not a 5? Who makes the decision and how is it done, and at what stage of the process?

**Mr W.R. Marmion:** Why do you want to know that?

**Mr B.S. Wyatt:** It doesn’t matter why. We’re asking you a question.

**Mr W.R. Marmion:** Process.

**Ms R. SAFFIOTI:** What process? I know “process” is a dirty word in this government. I just want to know because it is quite interesting. Frankly, I do not think we have dealt with this issue in my time in Parliament, so exactly what is the mechanism that triggers the number being inserted, who does it, and where in the process?

**Mr W.R. MARMION:** To get to that level of detail in the process, I would have to seek advice from the Parliamentary Counsel’s Office and ask it how it does that.

**Ms R. SAFFIOTI:** One way of clarifying this issue would be to give the bill a different name—a more accurate title. During the debate just now, the minister invited the opposition to propose an amendment to the title, and the opposition is keen to do that. Over the past couple of weeks, we have seen the complete disintegration of the state’s finances under this state government. Today when the Treasurer stood and said —

**Mr B.S. Wyatt:** We are going to produce eight “b’lillion” dollars!

**Ms R. SAFFIOTI:** The title of this bill is confusing. The Treasurer stood in the Parliament and said exactly what my colleague has said—that is, “We are introducing a bill for”, and was not able to able to pronounce the words “\$8 billion”. What we have seen is a state government that is bankrupting the state. It is important to note that the Loan Bill is for the consolidated fund; it is not for the government trading enterprises and it is \$8 billion for only two years. That is why this legislation—another tax bill—is before us tonight. The government is introducing so many tax bills that we are now getting to number four and number five. So many tax bills have been introduced in one year that we are now debating a numbering system for them.

Therefore, I move —

Page 2, line 3 — To delete “*Taxation Legislation Amendment Act 2015*” and substitute —

*Another Liberal Tax Slug Act 2015*

This title shows that the Liberal Party made promises during the election it never intended to keep, whether they be the fully funded, fully costed promises that were not delivered as fully funded and fully costed, or whether it was a promise made to the businesses of WA that the Liberal Party was not going to increase the tax burden on Western Australians. That promise was made by the Western Australian Liberal Party. This bill will introduce yet another tax slug on the people of WA, because the state government cannot manage its finances. Only today we saw the extraordinary event that will play out over the next three or four weeks and over the next two years. The government has come into this house and wants to borrow another \$8 billion in the general government sector against the consolidated fund. Today the Premier showed why the title of this bill needs to be changed; we need to educate the other side about the finances of the state. The Premier does not understand that a decision he

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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makes in one year has implications for the next year. The Premier believes that operating expenditures in one year have no impact on future years. That is why there is another tax bill in this place. Despite having been in government for six and a half years and despite having access to the state Treasury department and other economically trained people, the Premier still walks in and does not understand that when a contract is signed—let us say, the Fiona Stanley Hospital contract—that has implications for not only next year, but also the next 19 or 20 years.

This bill needs a new name, firstly, because the Minister for Finance was not able to explain the existing naming process and, secondly, as an education tool, not for us on this side, because we really understand what is happening to the finances of this state, but for members on the other side so that they know exactly what has been happening for the past nearly seven years.

**Mr W.J. JOHNSTON:** This is a very important amendment and I will explain why by referring to the Minister for Finance's second reading speech. In his second reading speech, the minister said that the saving of \$397 million—I must point out that it is not actually a saving, but that is not my argument—represents about 10 per cent of the announced \$3.8 billion of saving measures, with the majority of the remaining amount of savings to be achieved through expenditure restraint. I make the point that on Valentine's Day in 2013, the member for Victoria Park on behalf of the Labor Party outlined \$3.5 billion in savings. Mr Speaker, do you see the symmetry here? The minister is telling us that he is trying to save \$3.8 billion and the Labor Party proposed \$3.5 billion in savings in 2013, before the election. Do members know what the response from the Premier of Western Australia was? He called us mad. He accused the Labor Party of having lost the plot because it proposed \$3.5 billion in savings. Now the minister tells us that this government is trying to save \$3.8 billion. Is that not amazing? Has the Premier lost the plot here today? This is a disgrace. If the Liberal Party had been as honest with the people of Western Australia as the Labor Party was in February 2013, we would not need this legislation. The only reason that this legislation has been brought in here today is that the Premier of Western Australia said that savings measures were evidence of somebody losing the plot. Mr Speaker, do you understand that? The Premier said that we had lost the plot when we proposed \$3.5 billion in savings, yet the government comes in here today asking us to participate in finding \$3.8 billion in savings. The government cannot have it both ways. We know what happened here: the Liberal Party lied to Western Australians at the election. There was no circumstance in which its financial plan would work—none at all. Everybody in Western Australia who analysed these matters knew that, but the Premier told the media that proposing savings was unnecessary. He said that it was mad and that the Labor Party had lost the plot. In fact, we were 100 per cent right. I betcha the Premier did not really understand that but a lot of his ministers knew the Labor Party was right. The Liberal Party's election in 2013 was founded on a lie that Western Australia could have everything and there was no limit to the debt or to what we did. We were the only party in Western Australia prepared to tell the story as it was. Often, Liberal members of Parliament ask us, "What would you do?" We told the people of Western Australia what we would do. We were honest at the 2013 election. The government was not honest. The Liberal Party said that if anyone proposed \$3.5 billion in savings, they had lost the plot. That was the Liberal Party's position on the matter, yet now —

**Mr P.T. Miles:** That is a rewrite.

**Mr W.J. JOHNSTON:** The member for Wanneroo says that that is a rewrite—what rubbish! Here they are proposing \$3.8 billion in savings. They must have lost the plot because that is what the Premier said. He said that if anyone proposes \$3.5 billion in savings, they have lost the plot. The Liberal Party's election campaign was based on that lie. This is another Liberal Party "Tax Slug Act 2015". That is the only proper description of this piece of legislation.

*Question to be Put*

**Mr J.H.D. DAY:** I move —

That the question be now put.

*Division*

Question put and a division taken with the following result —

**Extract from *Hansard***  
[ASSEMBLY — Wednesday, 22 April 2015]  
p2691b-2739a

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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Ayes (33)

Mr P. Abetz  
Mr F.A. Alban  
Mr C.J. Barnett  
Mr I.C. Blayney  
Mr I.M. Britza  
Mr V.A. Catania  
Mr M.J. Cowper  
Mr J.H.D. Day  
Ms W.M. Duncan

Ms E. Evangel  
Mrs G.J. Godfrey  
Mr B.J. Grylls  
Dr K.D. Hames  
Mrs L.M. Harvey  
Mr C.D. Hatton  
Mr A.P. Jacob  
Dr G.G. Jacobs  
Mr S.K. L'Estrange

Mr R.S. Love  
Mr W.R. Marmion  
Mr J.E. McGrath  
Ms L. Mettam  
Mr P.T. Miles  
Ms A.R. Mitchell  
Mr N.W. Morton  
Dr M.D. Nahan  
Mr D.C. Nalder

Mr J. Norberger  
Mr D.T. Redman  
Mr A.J. Simpson  
Mr M.H. Taylor  
Mr T.K. Waldron  
Mr A. Krsticevic (*Teller*)

Noes (17)

Dr A.D. Buti  
Ms J. Farrer  
Ms J.M. Freeman  
Mr W.J. Johnston  
Mr D.J. Kelly

Mr F.M. Logan  
Mr M. McGowan  
Ms S.F. McGurk  
Mr M.P. Murray  
Mr P. Papalia

Mr J.R. Quigley  
Ms M.M. Quirk  
Ms R. Saffioti  
Mr C.J. Tallentire  
Mr P.C. Tinley

Mr B.S. Wyatt  
Mr D.A. Templeman (*Teller*)

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Pairs

Mr J.M. Francis  
Ms M.J. Davies  
Mr G.M. Castrilli  
Mr R.F. Johnson

Mrs M.H. Roberts  
Ms L.L. Baker  
Mr R.H. Cook  
Mr P.B. Watson

Question thus passed.

*Consideration in Detail Resumed*

**The SPEAKER:** The question is that the words to be deleted be deleted.

*Division*

Amendment put and a division taken with the following result —

Ayes (17)

Dr A.D. Buti  
Ms J. Farrer  
Ms J.M. Freeman  
Mr W.J. Johnston  
Mr D.J. Kelly

Mr F.M. Logan  
Mr M. McGowan  
Ms S.F. McGurk  
Mr M.P. Murray  
Mr P. Papalia

Mr J.R. Quigley  
Ms M.M. Quirk  
Ms R. Saffioti  
Mr C.J. Tallentire  
Mr P.C. Tinley

Mr B.S. Wyatt  
Mr D.A. Templeman (*Teller*)

Noes (33)

Mr P. Abetz  
Mr F.A. Alban  
Mr C.J. Barnett  
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Mr I.M. Britza  
Mr V.A. Catania  
Mr M.J. Cowper  
Mr J.H.D. Day  
Ms W.M. Duncan

Ms E. Evangel  
Mrs G.J. Godfrey  
Mr B.J. Grylls  
Dr K.D. Hames  
Mrs L.M. Harvey  
Mr C.D. Hatton  
Mr A.P. Jacob  
Dr G.G. Jacobs  
Mr S.K. L'Estrange

Mr R.S. Love  
Mr W.R. Marmion  
Mr J.E. McGrath  
Ms L. Mettam  
Mr P.T. Miles  
Ms A.R. Mitchell  
Mr N.W. Morton  
Dr M.D. Nahan  
Mr D.C. Nalder

Mr J. Norberger  
Mr D.T. Redman  
Mr A.J. Simpson  
Mr M.H. Taylor  
Mr T.K. Waldron  
Mr A. Krsticevic (*Teller*)

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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Pairs

Mrs M.H. Roberts  
Ms L.L. Baker  
Mr R.H. Cook  
Mr P.B. Watson

Mr J.M. Francis  
Ms M.J. Davies  
Mr G.M. Castrilli  
Mr R.F. Johnson

**Amendment thus negated.**

**The SPEAKER:** The question is that clause 1 stand as printed.

*Question to be Put*

**MR J.H.D. DAY:** I move —

That the question be now put.

*Division*

Question put and a division taken with the following result —

Ayes (33)

Mr P. Abetz  
Mr F.A. Alban  
Mr C.J. Barnett  
Mr I.C. Blayney  
Mr I.M. Britza  
Mr V.A. Catania  
Mr M.J. Cowper  
Mr J.H.D. Day  
Ms W.M. Duncan

Ms E. Evangel  
Mrs G.J. Godfrey  
Mr B.J. Grylls  
Dr K.D. Hames  
Mrs L.M. Harvey  
Mr C.D. Hatton  
Mr A.P. Jacob  
Dr G.G. Jacobs  
Mr S.K. L'Estrange

Mr R.S. Love  
Mr W.R. Marmion  
Mr J.E. McGrath  
Ms L. Mettam  
Mr P.T. Miles  
Ms A.R. Mitchell  
Mr N.W. Morton  
Dr M.D. Nahan  
Mr D.C. Nalder

Mr J. Norberger  
Mr D.T. Redman  
Mr A.J. Simpson  
Mr M.H. Taylor  
Mr T.K. Waldron  
Mr A. Krsticevic (*Teller*)

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Dr A.D. Buti  
Ms J. Farrer  
Ms J.M. Freeman  
Mr W.J. Johnston  
Mr D.J. Kelly

Mr F.M. Logan  
Mr M. McGowan  
Ms S.F. McGurk  
Mr M.P. Murray  
Mr P. Papalia

Mr J.R. Quigley  
Ms M.M. Quirk  
Ms R. Saffioti  
Mr C.J. Tallentire  
Mr P.C. Tinley

Mr B.S. Wyatt  
Mr D.A. Templeman (*Teller*)

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Pairs

Mr J.M. Francis  
Ms M.J. Davies  
Mr G.M. Castrilli  
Mr R.F. Johnson

Mrs M.H. Roberts  
Ms L.L. Baker  
Mr R.H. Cook  
Mr P.B. Watson

Question thus passed.

*Consideration in Detail Resumed*

**The SPEAKER:** The question now is that clause 1 stand as printed.

**Clause put and passed.**

**Clause 2: Commencement —**

*Referral to Economics and Industry Standing Committee — Motion*

**MR W.J. JOHNSTON (Cannington)** [10.03 pm] — without notice: I move —

That the bill be referred to the Economics and Industry Standing Committee for inquiry and report.

I understand that in accordance with standing orders, the advisers will need to be excused from the chamber.

What I think is important is that we not pass this legislation without proper scrutiny. Part of that proper scrutiny has to include the question about the view of the business community. We need to know where the Chamber of

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Commerce and Industry of Western Australia stands on this \$400 million tax increase over three years. Where does the Chamber of Minerals and Energy of Western Australia stand on this \$400 million increase over three years? We need to work out where the Property Council of Australia stands on this bill. We need to find out where the Australian Retailers Association stands on this \$400 million tax slug. We need to examine what small business thinks about this \$400 million tax slug. It would be great to hear from Liberal Party branch members what they think of this \$400 million tax slug. In considering the need to refer this matter for inquiry and report, I make the point that the 2008 *Pre-election Financial Projections Statement* records that in the 2007–08 financial year \$1 940 million in payroll tax was collected. The 2014–15 midyear review, on the other hand, states that in the current 2014–15 financial year the Liberal government expects to collect \$3 737 million. The Liberal government is predicting to take that collection of payroll tax to \$4 889 million by the end of the current forward estimates period of 2017–18.

We need to hear what the business community thinks of that massive increase in payroll tax. Nearly 150 per cent extra payroll tax will be extracted from the businesses of Western Australia. We need an inquiry and proper report on the effect that massive increase in payroll tax by the Western Australian Liberal government will have on Western Australia's economy. I know you would agree, Deputy Speaker, that this is particularly important, given that before the 2013 state election, the Premier of the state of Western Australia said that if we tried to cut \$3.5 billion of the state's expenditure, we would have lost the plot. He said cutting \$3.5 billion of expenditure was effectively madness. We have to examine why there has been such a change in the Liberal government's behaviour. What influences have led it to that position? For example, the government has frequently raised the issue of the state's GST share, but we know the GST share has gone down because other state government revenues have increased. We need a proper examination of the impact of those issues. It may well be that unlike its approach before the election, the government might be telling the truth. It certainly has not explained itself to this point. It would be a real surprise if an inquiry found that the government had told the truth because, remember, the Premier said that if we cut \$3.5 billion from state expenditure, we would have lost the plot. I make the point that if we reduce \$3.8 billion by \$400 million with a tax increase, the actual savings proposed by the government in the midyear review will equal the amount of expenditure reductions the Labor Party proposed at the 2012–13 election. Of course, the inquiry would be able to examine the fact that there was a very marked difference in the Labor Party proposals compared with the Liberal Party proposals. I make the point that the Labor Party had carefully designed its expenditure cuts not to impact on ordinary Western Australians and the services delivered by government to those people. The Economic and Industry Standing Committee, which I remind you, Deputy Speaker, has a government majority on it, would be allowed to examine the impact on ordinary Western Australians of the government's proposed cuts and contrast that with the sensible and reasonable Labor Party proposals at the time of the 2013 election.

These are all very important issues and they should not be trifled with. We were able to deal with only one clause of the Taxation Legislation Amendment Bill before the Leader of the House truncated our debate. That was unreasonable, in my view. That is why if we do not have the opportunity to properly examine this bill in this chamber —

**Mr J.H.D. Day:** There are 18 clauses. For issues of substance you will have plenty of time.

**Mr W.J. JOHNSTON:** In considering the decision to refer this matter to a committee, I draw attention to the calculation “AAT – [(W – AAT)×TV]” at line 29 on page 11 of the bill. It will be interesting to know what that series of letters and symbols mean. If the approach of the government is to gag debate on clauses, the only proper way to examine this matter is through a parliamentary committee.

I remind Madam Deputy Speaker that in my inaugural speech in this chamber I outlined my view that parliamentary committees should play a greater role in examining matters surrounding the budget. This is an exact example of the sorts of issues that I was thinking about when I raised that issue in my inaugural speech.

**The DEPUTY SPEAKER:** Order, members! There are too many conversations in the chamber.

**Mr W.J. JOHNSTON:** The opposition has gone through a number of the inaugural speeches of Liberal members of Parliament and pointed out that their behaviour in this chamber is 100 per cent against the issues that they raised in those inaugural speeches. In examining the decision to refer this matter to the Economics and Industry Standing Committee, I make the point that this is exactly the matter that I canvassed in my inaugural speech. I am not coming into this place as a hypocrite. I did not come in here and promise to cut taxes and now I am increasing taxes. That is not what I did; that is what the member for Alfred Cove did. I came in here and said that standing committees of the Parliament should have a greater role in examining the detail of the budget. I raised that exact issue on 11 November 2008 in this chamber. That is why I have come in here tonight and moved this motion. The government does not want to allow a proper debate on clauses of the bill. As I said, line 29 on page 11 refers to “AAT – [(W – AAT)×TV]”. That is what it says!

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**Ms M.M. Quirk:** I reckon that means bracket creep!

**Mr W.J. JOHNSTON:** Very droll, member for Girrawheen!

That is the sort of detail contained in this bill. If we are going to have this threat over our heads that every clause will be guillotined by the government because the opposition is pointing out that the Liberal Party's election campaign in 2013 was a lie, then —

**Mr P.T. Miles** interjected.

**Mr W.J. JOHNSTON:** The member for Wanneroo interjects and says that I am rewriting history. We are considering whether this matter should be examined by a committee. I was not the one who said that the Labor Party had lost the plot because we proposed budget savings—that was the Premier! The Economics and Industry Standing Committee should be in a position to examine why it was that on Valentine's Day 2013 the Premier said that the Labor Party had lost the plot, but now that is his desperate financial plan to cover-up his deep incompetence. The Economics and Industry Standing Committee could ask for detailed information from Treasury about the sort of advice it has been giving the government. I have read every year in the budget papers of this government the Under Treasurer's warning that Western Australia should not rely on the iron ore price; it is a volatile commodity and it is a risk for the state of Western Australia. That is what he has said in every budget paper. Every single budget paper of this government has said the exact same thing, and then, when the warning from the Under Treasurer comes to pass, the government rushes into this place in a panic to break even more election commitments. The committee could examine why it is that the government has not been listening to the professional advice it received from the Under Treasurer.

The committee could examine why the Western Australian government changed the estimate of the iron ore price in the budget. Why did the government do that when it left the state's budget exposed to the very actions we have seen in the last couple of months with the crash of the iron ore price? The committee could seek an explanation about why the government changes ordinary practices to take this aggressive position regarding the state's finances. I point out that there are consequences in the out years for decisions in each year. That is an issue that the member for West Swan raised. That is another thing the Economics and Industry Standing Committee could examine. Why have the previous budgets been based on the understanding that when a decision is made one year, there are flow-on effects to the out years? Let me make it clear that in considering the issue of moving that this bill be referred to the Economics and Industry Standing Committee for inquiry and report, one of the issues it can look at, and I urge it do so, is to say to government, to the bureaucracies—maybe to the Department of Education—that in 2008 during the election campaign the Premier made a specific commitment to teachers. I think the costing was \$300 million. But of course as the years progress that \$300 million builds up. After six and a half years it probably becomes a \$700 million cost. In the next four years I bet it will probably be over \$500 million. The committee could look at whether that is the case—whether what the Premier said was a \$300 million commitment is actually a \$1.2 billion commitment over an eight-year period. To explain the issue I am discussing in referring this matter to the Economics and Industry Standing Committee, I take the example of the Gonski funding. The criticism of the federal Liberal Party to the federal Labor Party regarding the Gonski funding was that in the first four years there was a small additional expenditure, but in the years beyond those four it expanded. That is the exact thing I am raising here in respect of the behaviour of the Premier. He makes a short-term commitment and does not understand that that short-term commitment can wedge itself up so that there is a very, very large amount of expenditure in the further years. That is the sort of thing that the Economics and Industry Standing Committee can look at and report back to us on.

It could also look at whether all these formulas actually work. If the government does not gag all of our debate here, we will have an opportunity to ask questions about, for example, the formula on line 22 on page 10, which is  $AT - [(W - AT) \times TV]$ . In its consideration, the committee should look at this: if AT equals \$800 000 and W equals \$5 million, my calculation—of course the committee can look at it and may find that I am wrong—would be  $0.8 - (4.2 \times 0.8375)$ , which I calculate to be  $0.8 - 3.5175$ , which is a negative number, and I am not quite sure how we can deal with a negative number when calculating a positive tax issue. I could be wrong and it is to the benefit of the Economics and Industry Standing Committee that it can look at that matter. It can seek out the views of, say, the editor of *The West Australian* newspaper on this, because I have not yet seen a comment in either *The West Australian* or *The Sunday Times* or indeed *BusinessNews Western Australia*. I have not seen any comment on this \$400 million tax slug over three years on the business community. The committee could have an examination of the issue I raised in my contribution to the second reading debate in which I pointed out that retail businesses will often be over the \$800 000 threshold. Family-run small businesses, which we would all recognise in our own electorates as small businesses, will be impacted by this tax increase. But, of course, as I explained, they will also be impacted by the land tax increases that we have already dealt with in the current year. There is a cumulative effect on small business because, as I have explained, and the committee can

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examine this issue, land tax is passed on by large landlords through to their tenants, so they will have to pay not only the additional payroll tax proposed by this bill, but also the additional land tax that the government has already imposed on them. The government explained that only a small number of landlords would be affected by the change, but it did not explain that those additional taxation revenues will be recovered not from the landlords, but from the tenants, and many of those tenants are small businesses that are now being slugged with this extra amount. The committee can go away and inquire into those issues.

I think these are important issues. I imagine that many members of the government do not think these issues are important. I would be interested to hear what they say. If they oppose having the Economics and Industry Standing Committee inquire into and report on these important issues, they are obliged to tell the community why they do not think taxing small business is a big issue. Why do they think that taxing small business is just the ordinary affairs of the Parliament? It is nothing special or out of the ordinary; it is just what a Liberal government does in Western Australia. The Liberal Party is happy to complain about taxation revenue when it is in opposition but, when given the levers of government, its only position is to increase taxes every year. Referring only to payroll tax, it will increase by almost 150 per cent between 2007–08 and the government’s expectation for 2017–18. The Liberal Party must be very proud of this, and this inquiry will allow it to explain to the community why it is so proud of that. Why is the government so proud of its economic management? In the best economic times that this state has had in the lifetime of everybody in this room, and probably in the lifetime of anyone in this state, we come to the end of the boom, and where is the legacy? There is an incomplete Elizabeth Quay, and an incomplete stadium that the government will require \$8 billion of borrowings to pay for.

There is an interesting issue that the committee could examine. Why, after three or four years of the Western Australian Future Fund, is there no money in the future fund? I asked the Treasurer the other day for the balance of the public bank account. I do not remember the exact figure, but as at 1 July 2008, it was—I am happy to be corrected by the Treasurer—around \$3 997 million, just shy of \$4 billion. On 1 July 2014, the Treasurer told me—again, I do not remember the exact figure—that it was about \$4 015 million. From memory, the difference is less than \$20 million, but let us be generous and say that there is less than a \$30 million difference between 2007–08, when we did not have a future fund, and today, when we do. The committee could examine the impact of the future fund on the need for this tax increase and, in examining this bill, ask why we have had to borrow every single cent that the government claims is in the future fund. The future fund is an interesting thing. The committee, when it looks at this issue, should look at some of the commentary between me and the Leader of the House in a debate in this chamber last year or the year before. I pointed out to the Leader of the House that future generations will not thank him for setting up the future fund—this is what I said at that time, but I do not remember whether it was at the beginning of last year or late in 2013—if he gives them a bank account with a bit of money in it, but also gives them 10 to 20 times more debt. That is exactly what is happening. That is why the government is bringing in an urgent bill to borrow another \$8 billion—\$8 billion! Let me get that figure out there for the committee to look at—it is \$8 000 000 000.

**Mr J.H.D. Day:** You’ll be able to debate that the week after next.

**Mr W.J. JOHNSTON:** That is right, and the Economics and Industry Standing Committee can hold an inquiry and report on these issues as part of its examination of this bill. Let us think about it. The government says that borrowing is needed for the next two financial years. The sum of \$8 billion is just two years’ borrowings. The committee could examine why the Labor Party in 2007–08 spent only 87c out of each dollar collected in revenue and today the Liberal government, according to the midyear review, is spending \$1.04 of each dollar it collects in revenue. I make it clear that that spending is not on infrastructure; that is on the government’s recurrent expenditure. It is spending 4c more for each dollar it collects. For every \$1 collected in revenue, the government spends \$1.04. On that trajectory, the government raising another \$400 million will mean it will spend \$416 million. That is what the government intends to do. It is crazy. The Economics and Industry Standing Committee can look at these issues and come back and tell this house what it found about those issues.

I want to directly address through Madam Deputy Speaker the Chamber of Commerce and Industry of Western Australia and the fine person who runs that organisation, Deidre Willmott; who of course was preselected for the Liberal Party in the seat of Cottesloe prior to the 2008 state election. Deidre Willmott will have the opportunity to attend the Economics and Industry Standing Committee and let everybody know exactly what she thinks about the financial management of the state. The problem I have is that I cannot find the Chamber of Commerce explaining where it stands on financial management. This year’s report on the economy by the Chamber of Commerce and Industry, which it publishes at the beginning of each year, does not mention the government’s taxation effort or the government’s borrowings. This is another reason this bill needs to go to the Economics and Industry Standing Committee. It will give the Chamber of Commerce and Industry the opportunity to explain exactly what its views are. I point out that I specifically mentioned the Chamber of

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Commerce and Industry in my inaugural speech back in 2008 as an example of an organisation that might discuss its issues with the committee in examining budget issues. UnionsWA also might want to come along and talk about issues regarding this matter. It would be entitled to come along to provide its explanation. It could tell us the value of the Labor Party's carefully targeted \$3.5 billion of savings from the 2013 state election—about which members might recall the Premier said we had lost the plot—compared with the \$3.4 billion of savings that was outlined in the Minister for Finance's second reading speech on 26 March 2015 when he introduced this legislation.

The committee could also examine this question: that the minister referred to this tax increase as a saving. Let me read again for the Deputy Speaker the words that he used. The second last sentence in the third paragraph states —

The saving of \$397 million represents about 10 per cent of the announced \$3.8 billion savings measures ...

I make the point that it is not a savings measure; it is a revenue measure. The committee could find out why the Minister for Finance does not understand the difference between revenue measures and savings measures. I make it clear for the chamber that the difference is that a revenue measure takes money off the community and gives it to the government, whereas a savings measure is when the government decides to not spend some money, so they are completely different issues. They have the same effect of narrowing the budget deficit, which again is a matter that the committee could look at, and the ratings agencies are happy to see either. The ratings agencies generally do not want to have overly high taxes, but they do accept that revenue measures are part of putting the state in a sustainable financial position. It is not the case that a revenue measure is automatically a bad thing, but governments need to be honest. The committee could examine why it is that the government did not say, in the second reading speech, that the \$397 million represented a revenue measure rather than a savings measure. Why is the government so afraid of using the term "revenue measure"? Why does it not want to admit to the people of Western Australia that its fiscal strategy is about increasing taxes?

Again, I emphasise that this government has had an enormous increase in revenue, and the committee could examine the genuine issue of the dud GST deal. The dud GST deal was done between the Court Liberal government and the Howard Liberal government, and maintained last week between the Western Australian Liberal Premier and the federal Liberal Prime Minister. The committee could examine why that dud deal was done. The committee could examine this particular issue in examining whether we should support this bill.

In 1999–2000 when the GST was introduced, the Western Australian Labor Party—particularly the then member for Belmont, Hon Eric Ripper—pointed out that one of the weaknesses in the GST deal was that we were putting more of the state's revenue in the hands of other people. When we had franchise taxes and all those other duties, decisions about those taxes were made by us here in Perth. But once they were put into the federal taxation system, they ceased to be issues under our control. Like the GST, they became the decisions of others, in other parts of the country.

**The DEPUTY SPEAKER:** Order, members! There are too many conversations in the house—member for Perth, member for Kingsley!

**Mr W.J. JOHNSTON:** The committee could examine what the net impact has been.

I have heard that there is research to show that if Western Australia had rejected the GST deal and kept the taxes that existed at the time—the financial assistance grants and direct assistance grants, or FAGS and DAGS, as they were known —

**Ms R. Saffioti:** Revenue replacement grants.

**Mr W.J. JOHNSTON:** The revenue replacement grants also, which, as the member for West Swan correctly interjects, were payments made by the commonwealth because the High Court of Australia determined that state franchise fees were unconstitutional and were, in fact, excise duties. As we know, the federal Constitution grants the excise power exclusively to the commonwealth. Interestingly, the Constitution also provided for a 10-year grandfathering so that the excise powers stayed with the states for 10 years after Federation. All the Australian founding fathers were leading figures in each of their states and they were very clever men, so they were making sure that if they chose to remain in their state rather than go to federal Parliament, they would retain their state's revenue for 10 years, which would be basically the balance of their careers. They were very clever men; they were grandfathering in their own future while giving the power to the commonwealth. Interestingly, excises were the predominant taxation revenue of the colonies, and therefore the founding fathers were giving the principal taxation measures to the commonwealth. I think they knew exactly what they were doing.

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Anyway, that led to the High Court knocking off our franchise fees, and because of that, the commonwealth agreed to directly pass back the franchise fees, although not through the grants process. There was a lot of debate around that at the time because there were different rates of franchise fees, and I am pretty sure that Queensland had much lower franchise fees than the other states. They had no duties; there were different arrangements. It was actually a matter of great controversy at the time, when the commonwealth drew up the formula to pass the revenue back. The point I am making is that it was passing the revenue back in its entirety; it did not go through the Commonwealth Grants Commission. There has always been a grants commission. In determining whether we should refer this matter to the Economics and Industry Standing Committee, the Deputy Speaker might like to know that I actually read some debates from the Western Australian *Hansard* from the 1920s. I was actually looking at matters to do with Aboriginal affairs. I was trying to find the report to Parliament of the royal commission into Aboriginal issues back in the 1920s, but I found these debates during which the Treasurer of the day—the Premier—was complaining about the grants commission process. The Economics and Industry Standing Committee could examine why it was that the Western Australian government passed more authority to the very organisation that had been complained about for nearly 90 years at the time the GST deal was done, and why the Western Australian Liberal Party thought it was a good idea to give the grants commission not less but more control over Western Australia's finances and economy. The committee could actually decide, if it wanted to, that not only were the rates in this bill appropriate, but also, in fact, we have not gone far enough and that the Liberal Party's next tax increase, rather than waiting two years, should come in now. That could be a recommendation. Of course, the committee could come back and say that the calculations are wrong and that there is going to be some other impact from these matters. It is also interesting that the committee could examine the issue of whether or not—because there is often an argument on it—payroll taxes are a tax on employment. The Institute of Public Affairs writes on this issue quite regularly, arguing that payroll tax is a tax on employment. The committee could have a look and see whether that is in fact the case, and whether raising this \$400 million of additional payroll tax will be at the expense of employment. It could be that the committee argues that the revenue expected is less because there is some displacement of employment. I do not personally, by the way, believe that is a solid argument, but I understand that many people make it. In my view, payroll tax, like the goods and services tax, is taxed on the labour component of the value added. Under the GST a business can remit GST paid on an input, but not on wages. So, the GST and payroll tax actually operate in respect of wages in exactly the same fashion; just the same as the GST is passed through to the customer, so is, in my view, payroll tax, but I will leave that aside.

Arguably, of course, the payroll tax is effectively a value-added tax on exports. I understand that argument; I am not saying that is a bad thing, but I understand that that is an argument. The committee could consider the issue of whether we have a pass-through tax on an export, because of course the GST is rebated on exports whereas payroll tax is not. That is a matter that the committee could examine. I note the commonwealth is currently holding the process leading to the tax white paper; the rethink has been published. This could be helpful; if the Parliament of Western Australia examines this payroll tax bill, it could inform everybody in the debate regarding the white paper process. This is, in my view, a very exciting opportunity for the Parliament of Western Australia. It is a very exciting opportunity for the people of the state. It is an exciting opportunity for the Liberal Party because it will be able to go in and explain why it was that on St Valentine's Day in 2013 if the Labor Party proposed \$3.5 billion of targeted savings, that was a demonstration that it had lost the plot, but we are now engaged in this process of adding a tax increase on top of other tax increases. That is the Liberal Party's plan for the future of this state.

The committee might ask, but of course a minister might not attend the committee hearing. However, if the minister attended a committee hearing, it could ask him whether he thinks there is a need for further tax increases. After all, if the government is asking us to approve \$8 billion in additional borrowings over the next two years, is that likely to have an impact, particularly given that the Treasurer could not answer the question asked by the shadow Treasurer about what will be the peak debt figure and when will that occur? The committee could see whether that would cause pressure for further increases in state taxes such as payroll tax. Exactly how high does the Liberal Party plan to take these matters? If the minister were to attend the committee, which of course he would have to do only if he wanted to, he could be held accountable for future predictions, because it would be clear that the government was not telling us the real story. The shadow Treasurer has commented a number of times on the lunch held by *BusinessNews Western Australia*, at which the then Treasurer was asked about the possibility of a payroll tax. He said he would not use debt to fund a payroll tax reduction, which, of course, is what has happened in Western Australia. The current government is saying that it will marginally reduce payroll taxes. The Minister for Finance said in his second reading reply that he mentioned that matter in his second reading speech, but on examination of the second reading speech, he did not mention that at all; nor is it mentioned in the explanatory memorandum. If the minister were to attend the committee, he could discuss why there has been a big divergence between what was promised at that lunch and now. Indeed, some of the

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columnists that write on economic matters for *BusinessNews Western Australia* could come along and give their opinions on what happens with that issue. These are all matters that the committee can examine, and it would be an exciting committee to be a member of.

**Mr W.R. Marmion** interjected.

**Mr W.J. JOHNSTON:** Sorry, minister, I did not hear you.

**Mr W.R. Marmion:** You don't need to; I was talking to someone else.

**Mr W.J. JOHNSTON:** Okay.

The committee is made up of a great group of people, and it has already produced its first report on floating liquefied natural gas, which members have found to be fascinating. I know that the Premier has some regard for that report and that the Premier has some respect for the five members of the committee. The Premier seems to have some regard for the member for Cockburn, a member on our side of the house, and, indeed, for the member for Willagee, another member with a strong pedigree and who would do a great job on the committee. The member for Geraldton is the chair of that committee, but I cannot remember the other two Liberal Party members. I am sure that they are fine people. I have worked with the member for Geraldton and I have found him to be a good committee member, so I am sure he would do a good job. Again, I make the point that it is not as though we have asked the committee to be dominated by the opposition. We invite the government to have a government committee to hold this examination. There is no reason for the government to be afraid of the opposition trying to stack the report.

I also point out that the bill has a deemed start date. I make the point that that means it does not matter whether this legislation is passed by 30 June; it will have effect from 1 July 2015, as is detailed at lines 11 and 12 on page 2. That is good because it would take the pressure off the committee to have a short inquiry. It does not have to have an extensive inquiry, but it would have that flexibility—the fact that the bill is already designed based upon the fact that the legislation may not be through the chamber by 30 June. The chamber is under no pressure from the government to have this legislation through in a short period. It has plenty of opportunity to have this matter properly considered. If the government guillotines every clause, then we will have this opportunity for a proper examination away from this chamber in a much more relaxed and comfortable environment with people from outside the Parliament providing input.

**Mr P.C. Tinley:** In camera.

**Mr W.J. JOHNSTON:** Some of it can be done in camera—absolutely! Clause 2 on page 2 of the Taxation Legislation Amendment Bill 2015 states —

This Act comes into operation as follows —

(a) Part 1 — on the day on which this Act receives the Royal Assent (*assent day*);

Part 1 deals with only the preliminaries; no operating matters are contained in that part. Paragraph (c) covers parts 2 and 3 and states —

the rest of the Act —

That being everything except parts 1 and 4 —

on the day after assent day.

Part 2 contains the amendment to the Duties Act that deals with superannuation matters and any examination of that shows that they are not time critical at all. Part 3 is a very minor matter to do with land tax assessment. I have a number of questions when we get to that clause but, again, they are very narrow issues to do with a court case in South Australia. It seems to be the belts and braces approach, and a perfectly reasonable position to be taken by the Commissioner of Taxation. It is not as though it is a Western Australian court decision; it is a court decision from South Australia that has led to uncertainty about a particular technical matter that deals with the transfer of a part share in a property that is subject to land tax. The Land Tax Assessment Act has an anti-avoidance provision and this strengthens that mechanism to take account of a matter in South Australia. It is not as though this involves revenue loss. If there was revenue loss, I could understand the government's need to rush things through. Previously in this chamber we have been very cooperative with matters such as this, but I make it clear that that is not the case here. Part 3 does not plug a revenue loss and part 2 deals with a very minor issue regarding superannuation funds. Again, this provision does not plug a revenue shortfall but, rather, it ensures that superannuation funds in a particular circumstance are entitled to an exemption that they might otherwise not be entitled because of the change to the federal act. Parts 2 and 3 are not critical in any way on time. Fortunately, the government has been sensible with part 4 to cover the fact that it may not get the legislation through

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Parliament by 30 June. I will read out for members clause 2(b) that deals with the treatment of the commencement of part 4. Line 8 on page 2 of the bill states —

(b) Part 4 —

(i) comes into operation on 1 July 2015 if assent day is not later than that day; or

(ii) is deemed to have come into operation on 1 July 2015 if assent day is later than that day;

That means that none of the revenue that the government is seeking to extract from Western Australian small businesses is at risk. The committee might be able to do its inquiry report before the end of the parliamentary autumn sittings that we are now currently involved with, but if it could not do that and had to report for the spring session, the government has already covered off its revenue. Part 4 would apply retrospectively back to 1 July and all the government's revenue, \$397 million over three years, would be available to fill the big budget deficit that we see in the current financial year and will inevitably see in the next financial year as well. All these issues are very important. I know that the Leader of the House would agree with me. I considered these issues in great detail before I moved the motion. As I am explaining, there is no revenue risk in proceeding with my suggestion. We would be able to deal with these very important issues that are before the house, particularly because the government appears to be intent on guillotining the legislation before we have a proper opportunity to consider it.

I point out to you, Madam Deputy Speaker, that the motion I have passed up to you is written in my own handwriting. I wrote that after the government guillotined clause 1. I remind the chamber that, when considering whether we should refer this bill to a committee, we asked the government a couple of questions. We were surprised when it took a lot longer than we expected to get a very simple answer from the minister. He gave an undertaking to get back to us with an explanation of the issues that we raised. I commend him for that. As members know, I knew the minister before we came to this place because we share a mutual friend in Senator Dean Smith. Madam Deputy Speaker, if I can, one little aside is that the minister was a staff member of a former Treasurer of the state of Western Australia; he was an adviser to Hon Richard Court, who was the last Premier of Western Australia who was also the Treasurer. Every Premier up to Richard Court had been Treasurer. I do not know whether the minister gave advice on Treasury matters.

**Mr W.R. Marmion:** I certainly didn't.

**Mr W.J. JOHNSTON:** That is excellent. Nonetheless, it is interesting that the minister worked for the last Premier who was also the Treasurer.

**Ms R. Saffioti:** The last one to deliver a deficit.

**Mr W.J. JOHNSTON:** Yes, he was the last one to deliver a deficit as well. Up until then, all the Premiers had been Treasurers but none of the Premiers after that have been Treasurers.

Another issue that the committee could examine is what the regulatory impact statement for the bill looked like.

**Ms R. Saffioti:** Red tape reduction.

**Mr W.J. JOHNSTON:** Yes, red tape reduction. What did the impact statement look like? What examination did the Regulatory Gatekeeping Unit carry out? That is not a matter that I canvassed during my speech on the second reading because I had only 30 minutes to speak at that time.

**Mr B.S. Wyatt:** Is that all?

**Mr W.J. JOHNSTON:** Yes, that was all. I could not fit it into my speech. That matter is very important. I will raise it with the minister during the appropriate clauses if we return to examine the bill at an appropriate time. In considering whether we should refer this bill to the Economics and Industry Standing Committee for inquiry and report, this is the sort of issue it could look at.

The Minister for Finance is handling the bill in the chamber; he is the person responsible for the Regulatory Gatekeeping Unit but the Treasurer handles taxation legislation. This was explained to us by the Treasurer when he was the Minister for Finance. The first piece of legislation he handled as the Minister for Finance was a tax increase designed by Hon Troy Buswell. I accept that the Minister for Finance has been a minister for quite some time; he was the Minister for Environment in the last Parliament. As the Minister for Finance, his first piece of legislation is a tax increase designed by the current Treasurer who, as the Minister for Finance, also introduced a bill in that way. There are so many ironies in this issue. They can all be properly examined by the Economics and Industry Standing Committee and reported on. Madam Deputy Speaker, you can see why I am so eager to have these important issues referred to the Economics and Industry Standing Committee for inquiry and report. It is very, very important that we in Western Australia properly examine taxation legislation. As I said, the

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government wants to guillotine tax legislation and force it through without proper consideration. That is its decision. It wants to break every rule in the Liberal Party faith. The church of the Liberal Party is being desecrated by these tax increases. We know that because we have read the inaugural speeches. It is interesting that in deciding whether I would move this motion, I considered the now Minister for Finance's inaugural speech. In that speech, he does not refer to taxation matters. The now Minister for Finance is one of the few members on that side of the chamber who did not make a commitment to cut taxes. Therefore, I am not accusing him of being a hypocrite by coming into this chamber with this legislation. As I have pointed out, he talked about free enterprise and the big commitment to free enterprise that he shares with the outstanding former members for the seat of Nedlands—the two Courts, father and son, and some other noble members in that seat.

**Dr A.D. Buti:** There was one who was not so noble!

**Mr W.J. JOHNSTON:** I make no comment! The member is thinking of Sue Walker. He never actually mentioned Sue Walker in this speech. I am sorry, Madam Deputy Speaker. I was distracted by the making eyes across the chamber between the member for Armadale and the Minister for Finance, and I was distracted when I brought that up.

The point I was making is that the now Minister for Finance did not make a commitment in his inaugural speech to cut taxes, and he is no hypocrite by coming in here with a tax increase. That is, of course, as I have said, in contrast with a number of other members on the Liberal side, such as the current Minister for Transport, who made those commitments in their inaugural speeches.

I made the observation during the second reading debate on this bill that there is a real question about free enterprise in Western Australia. It is amusing that in a matter of public interest a few weeks ago, the National Party accused the Labor Party of supporting free enterprise. One accusation that the committee could examine in considering the bill is that the Labor Party is in support of the free market. That is an extraordinary accusation to be made against us closet socialists! It is just unbelievable that the criticism of the Labor Party is that we support the free market! But that is a matter that could be properly inquired into and reported on in respect of this bill that I am asking the house to refer to the Economics and Industry Standing Committee to consider.

I know it is a late hour, Madam Deputy Speaker, and I do not see any reason to unnecessarily delay the house.

Several members interjected.

**Mr W.J. JOHNSTON:** I am determined not to unnecessarily delay the house, so I am sure the government will accept this referral motion, because this is a government that has high standards of transparency. It has high standards that it wants to adhere to. However, there is a real conundrum, because the Premier said that the Labor Party had gone crazy because we supported sensible budget savings on that famous Valentine's Day in 2013. We need to know why the government is proposing exactly the same amount. But instead of sensible, rational and targeted savings, the government is coming in here with tax increases and with the blunt instrument of cuts that will necessarily impact on disadvantaged people—the people we were trying to protect during the election campaign. So, I really have only one more thing to say.

**Mr J.H.D. Day:** Tricky! Don't worry. In fact, he just lied to the house. You lied to the house.

**Mr W.J. JOHNSTON:** I did not.

*Withdrawal of Remark*

**The DEPUTY SPEAKER:** Leader of the House, please withdraw that.

**Mr J.H.D. DAY:** I withdraw.

*Debate Resumed*

**MS R. SAFFIOTI (West Swan)** [10.59 pm]: I have great pleasure tonight in speaking to this motion.

**Mr P. Abetz** interjected.

**Ms R. SAFFIOTI:** The protector of small business in this place is supporting tax increases in Western Australia. Is that what he is saying? The member for Southern River is sitting there supporting tax increases for small business in Western Australia.

**The DEPUTY SPEAKER:** Order, members!

**Ms R. SAFFIOTI:** I rise to support the motion that this bill be referred to the Economics and Industry Standing Committee for inquiry and report. There are a couple of key points I want to make in my contribution. A very important part of this contribution will be about the level of consultation that has been undertaken with the business community in Western Australia on this tax increase. Members may recall that the Premier's key point

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on the Constitution Amendment (Recognition of Aboriginal People) Bill brought in by the member for Kimberley was that he did not believe anyone had been consulted and that it would be a surprise to everybody in the community.

**The DEPUTY SPEAKER:** Member for West Swan, can I just seek your indulgence for a moment. Member for Pilbara, member for Perth and member for Churchlands, can you please go outside and have that conversation. You have been going for half an hour.

**Ms R. SAFFIOTI:** The key criticism from the Premier about that bill, which had been around for a number of years in some form and, as I recall, had been sent to about 400 key stakeholders around the state, was that there had not been any consultation and so we would not know the implications of the bill. He said that we needed to talk to the community about that bill. Today we are debating a bill that I think a lot of people do not really understand the consequences or the implications of. That is why we need a committee to look at it.

Let us look at the key businesses around Western Australia that will be affected. There are 17 000 businesses in Western Australia that will be affected by a tax increase. The tax increases vary from \$1 000 up to \$44 000. I want to know whether letters have been sent to the entire 17 000 businesses that will be affected. I think that only a committee of inquiry, seeking submissions and input from those 17 000 businesses in Western Australia that will be affected by this tax increase, is the right way to go.

I want to talk about some of the interest groups. I think the Chamber of Commerce and Industry of Western Australia has not quite comprehended the impact of this taxation package. I am sure that the CCI would have been more vocal about a tax grab on WA businesses, which this time will be nearly \$400 million over three years. I do not think the CCI is quite across the detail. I would have thought that if the CCI was across the detail, it would have been more vocal. I think that one group that could be called by the committee of inquiry to fully comprehend the potential impacts would be the CCI. Of course, there are other groups out there. Does the Institute of Public Affairs still exist now that its illustrious former leader has become the \$8 billion man? I am sure that the Institute of Public Affairs would want to provide evidence to a committee. I would have thought that the Institute of Public Affairs, which hates tax increases and rallies against them across the nation, particularly if they are brought in by Labor, would want to give evidence to a committee about tax increases. As I said, I am not sure whether it still exists given that its economic mastermind is now the Treasurer, who is delivering deficits and today introduced and second read an \$8 billion Loan Bill.

**Mr D.J. Kelly:** “Dr Deficit”.

**Ms R. SAFFIOTI:** “Dr Deficit”! I am not sure whether the IPA fully comprehends that the Liberal government is increasing taxes again by another \$400 million. Then there is the Chamber of Minerals and Energy of Western Australia. I think the CME might not be totally aware of another tax grab by this Liberal government. If it were aware, I am sure we would have heard a bit more about it. I think a committee of inquiry that calls for submissions is the right way to go. There are all the local Chambers of Commerce around the state and in regional WA, some of which are very active and very supportive of businesses in the community, particularly in regional WA, where they have been cornerstones in some of the economic debates about economic visions for the area. For example, I do not think the regional Chambers of Commerce have been consulted by this government on this tax increase. Again regional Chambers of Commerce would be invited to contribute. I do not want to take too much liberty here, but I think the Economics and Industry Standing Committee could visit some parts of regional WA and talk to the local businesses about this proposed increase. It could possibly even throw in the new regional improvement tax that the government will introduce as possibly another term of inquiry. Of course, throughout metropolitan WA, there is a number of local Chambers of Commerce, which again, I do not think have been adequately consulted.

I reiterate that when a Labor member introduces a bill, the Premier says, “I don’t think a lot of people know about it, so we can’t talk about it in this place”, yet when the Liberal Party introduces a bill to increase taxes by \$397 million over three years, it does not want to consult the community; it wants to push it through and not allow us to debate each clause. I believe the leader of government business acted a bit hastily in guillotining debate on clause 1. A key point is lack of consultation.

Several members interjected.

**The ACTING SPEAKER (Mr P. Abetz):** Members!

**Mr C.J. Barnett:** You’ve had 17 speakers.

Several members interjected.

**The ACTING SPEAKER:** Members, the member for West Swan has the call.

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**Ms R. SAFFIOTI:** The Premier is very keen to keep collecting these taxes, is he not? The Liberal Party loves collecting taxes. At each election it says it is the friend of business, but then it gets into office and increases taxes. As I said, the Economics and Industry Standing Committee can talk to bodies such as the Institute of Public Affairs, the Chamber of Commerce and Industry of Western Australia, the Chamber of Minerals and Energy, local Chambers of Commerce and possibly some members of the 500 Club and find out the impact of this tax increase.

One of the other key points I want to talk about, and which the committee should be looking at is that this bill will abolish the tax-free threshold for businesses with payrolls over \$800 000. The legislation is quite complex in its construction. The member for Cannington outlined some of the very complicated equations in the legislation. It sets out new calculations and new terms, the threshold amount for the year and the upper threshold amounts in trying to collect \$400 million for this government. I have been thinking a lot about this bill over the past week.

**Mr W.J. Johnston:** As you should.

**Ms R. SAFFIOTI:** As I should, because I worry about the state of the finances and the state of WA's economy. Several members interjected.

**The ACTING SPEAKER:** Through the Chair, please.

**Ms R. SAFFIOTI:** I have been particularly worried about this issue. One of the issues I have been thinking about is that this is an interesting way to collect \$400 million. The government could have had a flat rate increase and collected the same amount of money. The mechanism the government has used to achieve the \$400 million is quite complex; basically, it abolishes the tax-free element for payrolls over \$800 000. It is intricate and complex. I do not think it was properly explained in the second reading debate why the government chose this path. There are some interstate comparisons and I think that another state applies the same mechanism in which it abolishes the tax-free component for payrolls over a certain amount. Why would the government use this mechanism to raise that amount of money when it creates some equity arguments? The Treasurer was keen to talk about equity today.

**Dr A.D. Buti** interjected.

**Ms R. SAFFIOTI:** He has to be fair! I question why this mechanism was chosen and why a flat rate increase was not the measure used to collect the same amount of revenue.

**Mr W.J. Johnston:** Or just higher thresholds.

**Ms R. SAFFIOTI:** Yes, and there are a number of ways that the government could have collected the same amount of tax: a flat rate increase or progressive increases in rates and changes in thresholds. What was the Economic Regulation Authority's recommendation?

**Mr W.J. Johnston:** It was to abolish the threshold for a single rate.

**Ms R. SAFFIOTI:** That would affect a lot of very small businesses in the state, of course. I have also wondered why we do not have more progressive rates for payroll tax, which is an issue. It would be of great benefit to have a committee look at what is underpinning this change. I do not think that was properly explored at the time of the second reading debate, but it should be examined. As the member for Cannington said, members on this side are not hypocrites about tax. We do not go around pretending to be something we are not, which is what Liberal Party members do all the time. The Liberal Party pretends it is cutting taxes, but all those members on the government side who stand and lecture the opposition about business have sat over there agreeing to increase taxes on business again and again. It is worth considering a change in the tax-free threshold because it is quite a unique proposal that I have not heard put forward. I sat on the Economic and Expenditure Reform Committee for seven and a half years when I was an adviser and I do not think this type of idea was ever put forward.

**Mr D.A. Templeman:** Where did it come from?

**Ms R. SAFFIOTI:** I do not know where it came from. I know how Treasury operates and the different roles of Treasury and the Department of Finance. Treasury's policy is to get as much revenue as possible. It may be that Treasury has done some modelling that shows that changing the policy by abolishing the tax-free threshold for payrolls over \$800 000 may deliver more revenue longer term than just a flat increase in the rate. That may have been the advice given. A committee could invite Treasury in to discuss the issue.

**Mr D.A. Templeman** interjected.

**Ms R. SAFFIOTI:** The member for Mandurah makes a very good point. As this side's resident tax expert, he should be co-opted to that committee.

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It is an interesting proposal, because the government could have raised this \$397 million in a number of ways, but this is the mechanism it chose, so maybe there was advice from Treasury, the Department of Finance or the Office of State Revenue about the long-term implications of changing this mechanism. Maybe the advice was: change it this way and it will deliver more money in the longer term.

Another key point I think the committee needs to look at is how this government makes these decisions. Who is the Minister for Small Business, can anyone remember? Seriously, I cannot remember. It is the member for Jandakot. Occasionally there is a dorothy dixer from a government member to the minister about some new computer system, cutting red tape or some bizarre little thing that is meant to make life easier for business and they sit there nodding away as the government increases taxes. What sort of Minister for Small Business is this? One of the key issues the committee could examine is the role of the administration behind the small business minister.

[Member's time extended.]

**Ms R. SAFFIOTI:** Thank you Mr Acting Speaker, I think I am making pretty valid points here!

We need to know what role the small business minister has, for example. I know he likes a bit of a dorothy dixer and goes out to a few business associations. I think he came out to Malaga and Districts Business Association during the last election campaign. He came out to visit my electorate during the last campaign—good on him. I think he clearly improved my primary vote by visiting my electorate, the good old member for Jandakot.

I really need to know exactly what advice agencies within government provided about this tax increase. This goes to another key point the government likes to talk about—red tape reduction. Remember that red tape reduction report? Were any recommendations actually delivered? I cannot remember.

**Mr D.J. Kelly:** Did it recommend an increase in taxes?

**Ms R. SAFFIOTI:** I would have to go and double-check the red tape reduction report, but I do not think it recommended increasing taxes. But again, that is something the committee could look at, so I thank the member for Bassendean for the interjection. Maybe the committee could look at the red tape reduction report that the government introduced and look at this policy introduced today to see whether it is consistent with that report.

**Mr P. Papalia:** Wasn't that applauded by the CCI?

**Ms R. SAFFIOTI:** I am sure the CCI did applaud it. The CCI likes to give the government the benefit of the doubt. It is like a football supporter who never thinks their team's letting them down, even though they might be barracking for Essendon! That is another key point.

Another key point that was raised just in clause 1, which the minister said he would get advice on, was the naming protocols of tax administration bills in this place. The minister said he would get back to the Parliament on that issue, but given the complexity we encountered a few minutes into this debate and when we asked why the bill was named the way it was—people will recall that because it was this evening—we started hitting some hurdles in understanding that. The minister said he would seek advice. A committee would probably be the best forum to obtain that advice, because, again, I do not think the minister will have that advice tonight or tomorrow, so sending the question off to a committee might be the way to go.

Another key point I think the committee should look at is the interaction of this taxation bill with the \$8 billion Loan Bill introduced by the government today. That is new information that has come to light today. I think the Treasurer said \$8 billion, because he mumbled that a bit—he did not look up. He did not like saying \$8 billion and I know a lot of members on the other side did not like hearing that figure of \$8 billion. We heard some gasps. That is new information that has come to light. Remember, this bill was drafted maybe a month or six weeks ago, so this \$8 billion figure is very new. We really need to know the interaction of this bill with the \$8 billion Loan Bill introduced by this government today. Just to reiterate that point—I think the committee should consider this—as I recall, member for Victoria Park, the government has introduced \$21 billion in loan bills.

**Mr B.S. Wyatt:** Twenty-one point three.

**Ms R. SAFFIOTI:** The government has introduced \$21.3 billion in loan bills in six and a half years.

**Mr D.J. Kelly:** An outstanding achievement.

**Ms R. SAFFIOTI:** Everybody, just hold back. The key point is that that is not the total public sector—no, no, no. It is a mistake often made. That is just the general government sector. That is not the government trading enterprises, which have user charging as a part of their operations and operate in a competitive marketplace and charge fees for service; this is the general government sector, and what does the general government sector

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include? It includes health, education and so forth, and the only revenue that can pay off this debt is taxes, and some very small component of the sale of goods and services. This Loan Bill is very new, and do members know what? I think the government is in a hurry with it. I think the government is in a hurry about it because otherwise it is going to run out of money. The Liberal Party of WA brings in an \$8 billion Loan Bill, because the government is going to run out of money. This is all new. When we ask questions about debt—this is why I think the committee should be looking at this issue—what is the Treasurer’s response? He says, wait for the budget. I do not know. Two weeks before the state budget, the government brings in a tax bill to increase taxes by \$400 million, and a Loan Bill to increase borrowings by \$8 billion, and it is telling us to wait for the budget. The government cannot wait a couple of weeks to tax people and to borrow \$8 billion, and it is telling us to wait for the budget. What absolute chaos that the government is bringing in these types of financial bills a couple of weeks before the state budget. We are just contemplating this fact. How many tax bills have we already dealt with this year? I think the committee should look at this point. This is now tax administration bill number three.

**Mr D.J. Kelly:** What were the other two?

**Ms R. SAFFIOTI:** They were, I think, land tax and another one. I lose count.

**Mr D.J. Kelly:** Maybe the committee should inquire how this bill interacts with those bills.

**Ms R. SAFFIOTI:** I think it should.

I have never seen a case in which we have been actually debating tax increases, and an increase in the Loan Bill, before the budget. This is not a consequence of the budget; this anticipates the budget, plus, I am sure, there will be other tax increases in the budget. My colleagues and I were looking at this issue, particularly the member for Mandurah, from whom we often seek advice as our tax expert. Does the member for Mandurah ever recall a time when financial bills were introduced in the weeks preceding the budget?

**Mr P. Papalia:** Wall-to-wall financial bills.

**Ms R. SAFFIOTI:** Yes, wall-to-wall. I do not believe it ever happens under a Labor government that the government is increasing tax a couple of weeks before the state budget, and consider the audacity of the Treasurer today in saying, “Wait for the state budget.” Government members are the ones increasing taxes and borrowings, and they are telling us to wait for the state budget. The government cannot wait a couple of weeks, because it is going to run out of money. That is the type of show that this government is running.

A key point the committee should look at is that the Premier believes that a decision made about recurrent expenditure in one year does not impact in the next. It is the most ridiculous proposal and concept I have heard in this place that an expenditure decision made one year on the operating account has no impact on the next. Does the member for Bassendean reckon the Serco contract signed one year has any impact on the next year?

**Mr D.J. Kelly:** For the next 20 years!

**Ms R. SAFFIOTI:** The Premier of the state believes that a decision can be made on the operating account in one year and will have no impact on the next one. Seriously, has this government learnt nothing? It has been in government for seven years and we are still debating the structure of the budget with this guy, let alone the fact that he is bankrupting the state. Today he said that decisions made on the recurrent side are contained within one year, but they have no implications on future years.

**Mr C.J. Barnett:** I did not say that at all.

**Ms R. SAFFIOTI:** The Premier makes it up hour by hour.

**Mr C.J. Barnett:** Check *Hansard* tomorrow.

**Ms R. SAFFIOTI:** Okay. Show me the transcript; do whatever. What the Premier said today is that a decision on the recurrent side one year has no impact on the other. That is absolutely incredible.

The last thing I think this committee should look at is the massive increase in payroll tax revenue by this government.

**Mr P.T. Miles** interjected.

**Ms R. SAFFIOTI:** Member for Wanneroo, the man who is soon going to stand and support another tax increase on business, let us look at this.

**Mr P.T. Miles** interjected.

**Ms R. SAFFIOTI:** Honestly!

**Mr P.T. Miles:** Don’t you want this bill?

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**Ms R. SAFFIOTI:** What? Does the member want to stand and make a contribution? Stand and make a contribution!

**The ACTING SPEAKER:** Members!

**Ms R. SAFFIOTI:** He is interjecting.

**The ACTING SPEAKER:** He is a member as well; I am speaking to all members. The member for West Swan has the call, so she can speak. Everyone else, please keep silent.

**Ms R. SAFFIOTI:** I am on my feet and I can say what I like. Stand and make a contribution, member for Wanneroo. Defend the \$400 million in increased taxes. Look at the payroll tax collections: in 2008–09 it was \$2.246 billion and in 2014–15 it was \$3.833 billion. They are massive increases in payroll tax.

**Mr C.J. Barnett:** It is a bit more than \$175 000, though, isn't it?

**Ms R. SAFFIOTI:** Stand up and move the debate. Honestly, the Premier is a desperate little man.

**Mr W.J. Johnston:** What did he say?

**Mr C.J. Barnett:** It is a bit more than \$175 000, though, isn't it?

*Point of Order*

**Mr P. PAPALIA:** I refer to standing order 92, which states —

Imputations of improper motives and personal reflections on the Sovereign, the Governor, a judicial officer or members of the Assembly or the Council are disorderly other than by substantive motion.

I request the Acting Speaker to call the Premier to order.

**The ACTING SPEAKER (Mr P. Abetz):** I did not hear him say anything that reflects on that —

**Mr P. PAPALIA:** He is making references to the member on her feet. I know the Acting Speaker might not be listening —

**The ACTING SPEAKER:** I was.

**Mr P. PAPALIA:** — but the rest of the house is, and Hansard is—Hansard is hearing it. I request that the Acting Speaker call the Premier to order. He knows what he said. He knows it was disorderly in accordance with standing order 92 and he should be called to order.

**Mr W.J. JOHNSTON:** Let me make it clear that the point that the member for Warnbro is making is that if the Premier is saying that the member for West Swan has done anything improper, he must bring it in by substantive motion. If the Premier is not saying she has done anything improper, he should explain that he does not believe the member has —

**The ACTING SPEAKER:** That is not a point of order.

**Mr W.J. JOHNSTON:** I am making an explanation about why standing order 92 is relevant. If the Premier is claiming that the member for West Swan acted improperly in respect to her entitlements, he needs to bring it in by substantive motion.

**The ACTING SPEAKER:** I did not hear the Premier say anything about anybody acting improperly.

**Mr W.J. JOHNSTON:** Alternatively, if his defence —

**The ACTING SPEAKER:** Please resume your seat, member for Cannington; there is no point of order. The member for West Swan has the call.

*Debate Resumed*

**Ms R. SAFFIOTI:** This is what we expect from the Liberal Party. It cannot debate the subject. Today we heard the Minister for Citizenship and Multicultural Interests talk about my “tribe” because I am of Italian descent. The Liberal Party is standing by that; that he said that I should act outside my tribe. What an absolutely disgraceful comment. This is the Liberal Party that cannot ever debate the topic.

**Mr F.A. Alban** interjected.

**Ms R. SAFFIOTI:** The member is a disgrace.

**The ACTING SPEAKER:** Member for Swan Hills, please keep silent. Member for West Swan, please address —

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**Mr W.J. Johnston:** Point of order.

**The ACTING SPEAKER:** I am in the middle of speaking, thank you. Member for West Swan, you have to speak in a manner that is relevant to the motion.

*Point of Order*

**Mr W.J. JOHNSTON:** I would like to make an observation on the question of relevance. For it to be relevant, the member for West Swan has to explain why the motion should be carried. One of the reasons it should be carried is that —

**The ACTING SPEAKER:** There is no point of order. Resume your seat.

*Debate Resumed*

**Ms R. SAFFIOTI:** Liberal Party members come in here again and again as absolute hypocrites. They call themselves friends of the multicultural community, and then use a word like “tribe” to describe people of an Italian background. The Premier is standing by that minister, and that is an absolute disgrace. I heard what the Premier said about “Italian bashing” also. We have seen complete hypocrisy from the Liberal Party.

**The ACTING SPEAKER:** The member’s time has expired. The Leader of the House.

**Dr A.D. Buti:** You’re a disgrace!

*Withdrawal of Remark*

**The ACTING SPEAKER:** You cannot say that, member for Armadale. You have to withdraw that.

**Dr A.D. BUTI:** I will withdraw it if I have to withdraw it.

**The ACTING SPEAKER:** Sorry, but that is not acceptable.

**Dr A.D. BUTI:** I withdraw.

*Question to be Put*

**MR J.H.D. DAY (Kalamunda — Leader of the House)** [11.32 pm]: I move —  
That the question be now put.

*Division*

Question put and a division taken, the Acting Speaker (Mr P. Abetz) casting his vote with the ayes, with the following result —

Ayes (32)

Mr P. Abetz	Ms W.M. Duncan	Dr G.G. Jacobs	Mr N.W. Morton
Mr F.A. Alban	Ms E. Evangel	Mr S.K. L’Estrange	Dr M.D. Nahan
Mr C.J. Barnett	Mrs G.J. Godfrey	Mr R.S. Love	Mr J. Norberger
Mr I.C. Blayney	Mr B.J. Grylls	Mr W.R. Marmion	Mr D.T. Redman
Mr I.M. Britza	Dr K.D. Hames	Mr J.E. McGrath	Mr A.J. Simpson
Mr V.A. Catania	Mrs L.M. Harvey	Ms L. Mettam	Mr M.H. Taylor
Mr M.J. Cowper	Mr C.D. Hatton	Mr P.T. Miles	Mr T.K. Waldron
Mr J.H.D. Day	Mr A.P. Jacob	Ms A.R. Mitchell	Mr A. Krsticevic ( <i>Teller</i> )

Noes (16)

Dr A.D. Buti	Mr D.J. Kelly	Mr P. Papalia	Mr C.J. Tallentire
Ms J. Farrer	Mr F.M. Logan	Mr J.R. Quigley	Mr P.C. Tinley
Ms J.M. Freeman	Ms S.F. McGurk	Ms M.M. Quirk	Mr B.S. Wyatt
Mr W.J. Johnston	Mr M.P. Murray	Ms R. Saffioti	Mr D.A. Templeman ( <i>Teller</i> )

**Extract from Hansard**  
[ASSEMBLY — Wednesday, 22 April 2015]  
p2691b-2739a

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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Pairs

Mr J.M. Francis  
Mr G.M. Castrilli  
Ms M.J. Davies  
Mr R.F. Johnson  
Mr D.C. Nalder

Mrs M.H. Roberts  
Mr R.H. Cook  
Ms L.L. Baker  
Mr P.B. Watson  
Mr M. McGowan

Question thus passed.

*Motion Resumed*

**The ACTING SPEAKER:** The question now is that the motion moved by the member for Cannington be agreed to.

*Division*

Question put and a division taken, the Acting Speaker (Mr P. Abetz) casting his vote with the noes, with the following result —

Ayes (16)

Dr A.D. Buti  
Ms J. Farrer  
Ms J.M. Freeman  
Mr W.J. Johnston

Mr D.J. Kelly  
Mr F.M. Logan  
Ms S.F. McGurk  
Mr M.P. Murray

Mr P. Papalia  
Mr J.R. Quigley  
Ms M.M. Quirk  
Ms R. Saffioti

Mr C.J. Tallentire  
Mr P.C. Tinley  
Mr B.S. Wyatt  
Mr D.A. Templeman (*Teller*)

Noes (32)

Mr P. Abetz  
Mr F.A. Alban  
Mr C.J. Barnett  
Mr I.C. Blayney  
Mr I.M. Britza  
Mr V.A. Catania  
Mr M.J. Cowper  
Mr J.H.D. Day

Ms W.M. Duncan  
Ms E. Evangel  
Mrs G.J. Godfrey  
Mr B.J. Grylls  
Dr K.D. Hames  
Mrs L.M. Harvey  
Mr C.D. Hatton  
Mr A.P. Jacob

Dr G.G. Jacobs  
Mr S.K. L'Estrange  
Mr R.S. Love  
Mr W.R. Marmion  
Mr J.E. McGrath  
Ms L. Mettam  
Mr P.T. Miles  
Ms A.R. Mitchell

Mr N.W. Morton  
Dr M.D. Nahan  
Mr J. Norberger  
Mr D.T. Redman  
Mr A.J. Simpson  
Hon Mr M.W. Sutherland  
Mr T.K. Waldron  
Mr A. Krsticevic (*Teller*)

Pairs

Mrs M.H. Roberts  
Mr R.H. Cook  
Ms L.L. Baker  
Mr P.B. Watson

Mr J.M. Francis  
Mr G.M. Castrilli  
Ms M.J. Davies  
Mr R.F. Johnson

Question thus negatived.

*Consideration in Detail Resumed*

**The ACTING SPEAKER:** The question is that clause 2 stand as printed.

**Mr W.J. JOHNSTON:** Subclause (b) of this commencement clause states —

(b) Part 4 —

...

(ii) is deemed to have come into operation on 1 July 2015 if assent day is later than that day;

Subclause (c) states —

(c) the rest of the Act — on the day after assent day.

Can the minister confirm that this is a protection for the government? In respect of the revenue-raising measures and regardless of when the bill passes Parliament, it has effect from 1 July 2015 whilst subclauses (b) and (c), which are not revenue-raising measures, are not therefore time critical.

**Extract from Hansard**  
[ASSEMBLY — Wednesday, 22 April 2015]  
p2691b-2739a

Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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**Mr W.R. MARMION:** Yes.

*Question to be Put*

**Mr J.H.D. DAY:** I move —

That the question be now put.

*Division*

Question put and a division taken, the Acting Speaker (Mr P. Abetz) casting his vote with the ayes, with the following result —

Ayes (32)

Mr P. Abetz	Ms W.M. Duncan	Dr G.G. Jacobs	Mr N.W. Morton
Mr F.A. Alban	Ms E. Evangel	Mr S.K. L'Estrange	Dr M.D. Nahan
Mr C.J. Barnett	Mrs G.J. Godfrey	Mr R.S. Love	Mr J. Norberger
Mr I.C. Blayney	Mr B.J. Grylls	Mr W.R. Marmion	Mr D.T. Redman
Mr I.M. Britza	Dr K.D. Hames	Mr J.E. McGrath	Mr A.J. Simpson
Mr V.A. Catania	Mrs L.M. Harvey	Ms L. Mettam	Mr M.H. Taylor
Mr M.J. Cowper	Mr C.D. Hatton	Mr P.T. Miles	Mr T.K. Waldron
Mr J.H.D. Day	Mr A.P. Jacob	Ms A.R. Mitchell	Mr A. Krsticevic ( <i>Teller</i> )

Noes (16)

Dr A.D. Buti	Mr D.J. Kelly	Mr P. Papalia	Mr C.J. Tallentire
Ms J. Farrer	Mr F.M. Logan	Mr J.R. Quigley	Mr P.C. Tinley
Ms J.M. Freeman	Ms S.F. McGurk	Ms M.M. Quirk	Mr B.S. Wyatt
Mr W.J. Johnston	Mr M.P. Murray	Ms R. Saffioti	Mr D.A. Templeman ( <i>Teller</i> )

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Pairs

Mr J.M. Francis	Mrs M.H. Roberts
Ms M.J. Davies	Ms L.L. Baker
Mr G.M. Castrilli	Mr R.H. Cook
Mr R.F. Johnson	Mr P.B. Watson
Mr D.C. Nalder	Mr M. McGowan

Question thus passed.

*Consideration in Detail Resumed*

**The ACTING SPEAKER:** The question is that clause 2 stand as printed.

**Clause put and passed.**

**Clause 3: Act amended —**

**The ACTING SPEAKER:** The question is that clause 3 stand as printed.

*Question to be Put*

**Mr J.H.D. DAY:** I move —

That the question be now put.

*Division*

Question put and a division taken, the Acting Speaker (Mr P. Abetz) casting his vote with the ayes, with the following result —

Ayes (32)

Mr P. Abetz	Ms W.M. Duncan	Dr G.G. Jacobs	Mr N.W. Morton
Mr F.A. Alban	Ms E. Evangel	Mr S.K. L'Estrange	Dr M.D. Nahan
Mr C.J. Barnett	Mrs G.J. Godfrey	Mr R.S. Love	Mr J. Norberger
Mr I.C. Blayney	Mr B.J. Grylls	Mr W.R. Marmion	Mr D.T. Redman
Mr I.M. Britza	Dr K.D. Hames	Mr J.E. McGrath	Mr A.J. Simpson
Mr V.A. Catania	Mrs L.M. Harvey	Ms L. Mettam	Mr M.H. Taylor
Mr M.J. Cowper	Mr C.D. Hatton	Mr P.T. Miles	Mr T.K. Waldron
Mr J.H.D. Day	Mr A.P. Jacob	Ms A.R. Mitchell	Mr A. Krsticevic ( <i>Teller</i> )

**Extract from Hansard**  
[ASSEMBLY — Wednesday, 22 April 2015]  
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Mr Dave Kelly; Mr Mark McGowan; Ms Janine Freeman; Ms Simone McGurk; Mr Bill Johnston; Acting Speaker; Mr Bill Marmion; Ms Rita Saffioti; Mr Ben Wyatt; Mr John Day; Deputy Speaker; Mr Paul Papalia

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Noes (16)

Dr A.D. Buti  
Ms J. Farrer  
Ms J.M. Freeman  
Mr W.J. Johnston

Mr D.J. Kelly  
Mr F.M. Logan  
Ms S.F. McGurk  
Mr M.P. Murray

Mr P. Papalia  
Mr J.R. Quigley  
Ms M.M. Quirk  
Ms R. Saffioti

Mr C.J. Tallentire  
Mr P.C. Tinley  
Mr B.S. Wyatt  
Mr D.A. Templeman (*Teller*)

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Pairs

Mr J.M. Francis  
Mr G.M. Castrilli  
Ms M.J. Davies  
Mr R.F. Johnson  
Mr D.C. Nalder

Mrs M.H. Roberts  
Mr R.H. Cook  
Ms L.L. Baker  
Mr P.B. Watson  
Mr M. McGowan

Question thus passed.

*Consideration in Detail Resumed*

**The ACTING SPEAKER:** The question is that clause 3 stand as printed.

**Question put and passed.**

**Clause 4: Sections 122 and 123 replaced —**

**Mr W.J. JOHNSTON:** Subsection (2) of proposed new section 122 deals with property that is transferred to the custodian of a trustee—because the trustee cannot borrow money to own real property, and obviously the bank will want to have a mortgage over the property—and it states that “either of the following apply to the superannuation fund”.

**Mr W.R. Marmion:** Sorry; you went a little quick then.

**Mr W.J. JOHNSTON:** As I understand it, the trustee cannot own the property.

**Mr W.R. Marmion:** I got all that, but then you said “either”. Whereabouts are you talking about?

**Mr W.J. JOHNSTON:** It is in paragraph (a) at line 18. It states —  
either of the following apply to the superannuation fund —

- (i) only the transferor can be a member of the superannuation fund;

**The ACTING SPEAKER:** Members, there are too many conversations. Please take them outside.

**Mr W.J. JOHNSTON:** It then states that property can be held only as a retirement benefit. Does that mean that the transfer has to be from the beneficiary of the fund to the custodian on behalf of the trustee of the fund, and does that mean that the transferor paid duty when they purchased the property? Proposed subsection (2) states —

A reference in this section to a relevant superannuation transaction is to a transfer of, or an agreement for the transfer of, dutiable property ...

They will be given an exemption when the property is transferred from themselves to their fund, but they have had to purchase it anyway and therefore pay duty. Is that what happens?

**Mr W.R. MARMION:** It is very convoluted. I think what the member is saying is that it probably would already have been acquired and is being transferred so the duty would already have been paid. This will enable it to be transferred to the custodian so that the duty does not have to be paid. It would be only \$20 instead.

**Mr W.J. JOHNSTON:** But the nub of the question is that my reading of this provision is that it applies only when the property is transferred from the beneficiary of the fund to the fund.

**Mr W.R. Marmion:** Yes.

**Mr W.J. JOHNSTON:** That is what I am trying to clarify. There is not an opportunity for them to avoid the duty completely because they have already paid the duty.

**Mr W.R. Marmion:** That is correct.

**Mr W.J. JOHNSTON:** So it is only the transferring—that is interesting.

**Ms J.M. FREEMAN:** I was not in the chamber for the minister’s response to the second reading debate. Given that this is about transactions for superannuation and properties, can the minister talk about splits for superannuation, in particular whether the Duties Act enables a split and the concession amount of \$20 to be paid

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in the first instance, and whether we would be required to change it if there were a referral of powers to the commonwealth so that that concession would be available for the split?

**Mr W.R. MARMION:** Yes, we would.

**Ms J.M. Freeman** interjected.

**Mr W.R. MARMION:** Yes. We have passed the act to refer our powers, but we need the commonwealth to remove the exception for Western Australia. Once that is done, we would have to do a very minor amendment to the Duties Act so that it took effect.

**Ms J.M. FREEMAN:** So it could not be done at the same time as the powers were referred so that we would not have to come back. I think it took South Australia over a year to bring in those quite small consequential amendments, which meant that people had to pay the full duty instead of the \$20 concessional rate that is available for married couples who separate, but not for de facto couples.

**Mr W.R. MARMION:** It is a simple thing to do. If we knew that the commonwealth was bringing it in, we could bring in the amendment at the same time so that they could take effect at the same time. There is a mechanism to make sure that there is no delay.

**Mr W.J. JOHNSTON:** I turn to proposed section 123(1). As I understand it—please confirm whether this is right—this provision states that if a superannuation fund that has one beneficiary, as defined under proposed section 122, which is the proposed section I asked the minister about before, gets more than one beneficiary, because it can get the duty exemption only if it has one beneficiary, or the asset that is held for the benefit of one beneficiary is held for more than one beneficiary, effectively this will have retrospectively removed the duty exemption and they will have to pay duty on the transaction.

**Mr W.R. Marmion:** Well put. I got you that time.

**Mr W.J. JOHNSTON:** Good; excellent. If the minister puts his head nod on the record, that would be good.

**Mr W.R. Marmion:** Yes.

**Mr W.J. JOHNSTON:** I put on the record that the minister nodded his head. I am sorry, I know it is there, so they have to tell the Office of State Revenue about it and they are penalised if they do not, but what is the date on which the duty is calculated? It ceases to be held for the benefit of one person and is held for the benefit of more than one person, so how is the date calculated? I ask that because property values change, so there will be a question about how it is valued.

**Mr W.R. MARMION:** The date is when the other person becomes a beneficiary. That is the date that is taken, so that is the valuation date.

**Clause put and passed.**

**Clause 5 put and passed.**

**Clause 6: Act amended —**

**Mr W.J. JOHNSTON:** What is the effect of this?

**Mr W.R. Marmion:** There is no effect; it is a grammatical error.

**Clause put and passed.**

**Clause 7: Section 14 amended —**

**Mr W.J. JOHNSTON:** I understand from the explanatory memorandum that we are dealing with situations in which something unusual occurs, such as, at the moment, if a land tax exempt property is subdivided, it ceases to be exempt.

**Mr W.R. Marmion:** If there is a house on part of the property, that is still exempt.

**Mr W.J. JOHNSTON:** Yes. It could be exempt because it is a —

**Mr W.R. Marmion:** Place of residence.

**Mr W.J. JOHNSTON:** Yes, but it could be a caravan park. Indeed, the EM referred to caravan parks. What happens if there is compulsory acquisition? Could the minister give an example perhaps of where this has occurred so that there is some detailed explanation for us about what is contemplated by the provision?

**Mr W.R. MARMION:** I can give a real-life example because I used to resume land when we widened roads or put roads through people's property. Heading into Dunsborough, for example, to go down Caves Road we used to turn at a T-junction. However, Main Roads put in a curve, and there was a bit of a bonus for the person who

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owned the land because it produced a triangular piece of land that a hotel could be built on, so someone could make lots of money. That was a consequential benefit. In this situation, Main Roads would subdivide and put the main road through where Caves Road goes and the land would be split into two other parcels—so, consequentially. Assuming a farmhouse is on the land, because it has been compulsorily subdivided, the Commissioner of State Revenue will not hit the owner for the land tax, whereas if they had done it themselves, the land tax could go back five years.

**Ms R. SAFFIOTI:** How many times would this occur during the year? For example, how many times does the minister think the residential exemption will apply in compulsory acquisitions?

**Mr W.R. MARMION:** My advice is that it will be fairly infrequent.

**Clause put and passed.**

**Clause 8: Section 43A amended —**

**Mr W.J. JOHNSTON:** I have managed to find the explanatory memorandum. It was troubling the minister that I was not looking at him when he answered my last question, so I apologise for that.

At the moment the commissioner can make a decision on land tax matters as provided by section 45 of the Land Tax Assessment Act and currently that decision cannot be reviewed. The effect of this clause is to allow a decision to be reviewed. I want to know whether any particular party had asked for this change. Is there some experience or issue that led to the decision to remove this protection for the commissioner? Again, I do not know the details, so I am not necessarily saying it is a good thing or a bad thing. The explanatory memorandum states —

Section 43A(4) of the Land Tax Assessment Act provides that a decision made under subsection (3) is non-reviewable, that is, not subject to any objection or appeal.

This clause deletes section 43A(4).

Obviously, it will now be reviewable. Is there a reason for doing this? Has someone asked for it? Has a particular issue come up? Have there been problems in dealing with the taxation legislation? What has led the government to remove this benefit that the commissioner has enjoyed?

**Mr W.R. MARMION:** It was an error. Apparently, in a review, the State Administrative Tribunal forgot to put this one in. This rectifies that so that everything can be reviewed.

**Clause put and passed.**

**Clause 9: Section 45A amended —**

**Mr W.J. JOHNSTON:** Minister, is this the same situation and is this clause to tidy up an oversight, or is it something else? This clause relates to a decision in South Australia. Is it a belts-and-braces change to make sure that the act protects the commissioner from any question about revenue, based on this decision in South Australia? I point out that the clause has only 10 lines, but the explanatory memorandum has nearly two pages on this issue, so although it is a small change it is a complex issue. My understanding of the explanatory memorandum is that a person might own property that is subject to land tax and to try to avoid it they transfer one per cent of the ownership to a related party—the EM refers to a spouse. The commissioner currently has an untrammelled power to determine that despite somebody else owning one per cent of the property, their ownership is effectively ignored and the main owner is therefore entirely liable for the tax. I have two questions. I see that the proposed amendment relates to a South Australian decision. Are there any matters afoot in Western Australia that are similar to the case that was dealt with in this action in South Australia? The second question is: what is the largest percentage that a person can hold whereby the commissioner will deem it avoidance and therefore apply the anti-avoidance procedure? That is so that taxpayers can have an understanding about how the commissioner might judge what is avoidance and what is a genuine transaction.

**Mr W.R. MARMION:** Firstly, there is currently no dispute in Western Australia, so no-one will be adversely affected. The advice I have is that five per cent is the figure. If it is less than five per cent, the onus is on the taxpayer, and if it is more than five per cent, the onus is on the commissioner for the taxation.

**Clause put and passed.**

**Clause 10: Section 45B replaced —**

**Mr W.J. JOHNSTON:** Again, it is a complementary change, but section 45B is being deleted and a new section 45B is being inserted and I want to clarify whether the words used in proposed section 45B(1)(b) at line 13 are same as the provision in the existing legislation. Also, under proposed section 45B(3) at line 19 is there an obligation on the taxpayer to disclose these issues or is it something that the commissioner has to discover?

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**Mr W.R. MARMION:** It is different. The wording in proposed section 45B(1)(b) is different from that of 45B(1)(a). Is that what the member's question was about?

**Mr W.J. JOHNSTON:** That was not my question. The question is: how does this provision compare with the provision in the existing 45B that we are deleting? My second question is: is there an obligation that takes place to disclose issues raised in proposed section 45B(3) or is it something that only the commissioner can discover?

**Mr W.R. MARMION:** The change is to make the provision more explicit and to define the fact that it can go back five years; that is not in the current act, but only in the new legislation. As to the second question, it is up to the commissioner to determine and he has quite a good ability to do that by matching records and things. It can be done, but it is up to the commissioner to define the discrepancy.

**Ms R. SAFFIOTI:** I am just double-checking the provision that relates to five years in this proposed section. Basically, reassessment can be made for five or more years before the assessment year and I ask why that inclusion has been brought in.

**Mr W.R. MARMION:** It is to make it clear that we cannot go back more than five years. There was a practice anyway and now we are making it clear that we cannot go back more than five years. We can go back to five years only when the interest was created, so it could be less.

**Clause put and passed.**

**Clause 11: Glossary amended —**

**Mr W.J. JOHNSTON:** I would like to ask a question, and again this is one of these wonderful clauses that is only a very brief paragraph, but the explanatory memorandum goes for two-thirds of a page. I have read that, and I understand that the arrangements of the Building Act remove the provisions that the commissioner previously used. I want to ask two questions. Is there any reason that this amendment was not made as a consequential amendment in the Building Act 2011, or was that just an oversight? If it was just an oversight, can the minister tell us what the commissioner has been doing to enforce their obligations in respect of the period since the Building Act 2011 came into effect?

**Mr W.R. MARMION:** Yes, it was an oversight, and I am just determining whether my advisers know what has been happening in the meantime. We will pause for a tick.

**Mr W.J. JOHNSTON:** I might just stand up while the minister takes particular advice.

**Mr W.R. MARMION:** I understand that it does not have a significant material effect, but we do not know what the commissioner has been doing in the meantime. We will have to ask him.

**Mr W.J. JOHNSTON:** There must be a current provision, and if the current provision does not refer to the Building Act, which is what I assume the minister is saying to me, and these are cases in which a strata title is agreed by a council and not by the Department of Lands, there must have been people coming to the commissioner and paying tax. I am just wondering what has been the basis of the collections.

**Mr W.R. MARMION:** We would still be accepting them, based on the current situation, but this will sort it all out.

**Clause put and passed.**

**Clause 12 put and passed.**

**Clause 13: Section 8 amended —**

**Mr W.J. JOHNSTON:** I want to get this right. It is  $\frac{AT}{UT-AT}$ . I will read the explanation. The upper threshold, which is UT, is \$7.5 million, and AT is \$800 000.

**Mr W.R. Marmion** interjected.

**Mr W.J. JOHNSTON:** Yes, of course these things may change in the future, but I am talking about the present moment. My calculation here is that \$800 000 is over \$7.5 million, so that is 0.8 over 0.67, which is 0.8375. Is that the correct figure?

**Mr W.R. Marmion:** It is eight over 67.

**Mr W.J. JOHNSTON:** Yes, it is 0.8 over 0.67.

**Mr W.R. Marmion:** I cannot in my head divide 67 into eight.

**Mr W.J. JOHNSTON:** I could not do it in my head either. I did it before on my calculator, and I will just do it again while I am talking to the minister. The answer is 1.19.

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**Mr W.R. Marmion:** You must have put 80 instead of eight; you have moved a decimal point.

**Mr W.J. JOHNSTON:** So it is 1.19402.

**Mr W.R. Marmion:** It is 0.1.

**Mr W.J. JOHNSTON:** What is the figure?

**Mr W.R. Marmion:** I have not done it in my head, but I know you've got a decimal point wrong, so it is zero point something.

**Mr W.J. JOHNSTON:** Could the minister tell me what it is? It is important because I am going to have to use this figure in another clause where this is very important.

**Mr W.R. Marmion:** It is 0.19.

**Mr W.J. JOHNSTON:** Do I not go past the second decimal place?

**Mr W.R. Marmion:** It is 0.119.

**Clause put and passed.**

**Clause 14: Sections 10 to 14 replaced —**

**Ms R. SAFFIOTI:** My question relates to the methodology in relation to increasing the payroll tax. I believe that a number of options would have been put forward to the minister to collect extra payroll tax revenue. Were a number of options put forward to the minister? Did he look at increasing all the rates, or increasing the rates in a progressive way, or did he look at this one, which is abolishing the tax-free threshold? Were a number of options put forward in relation to collecting extra tax and why was this method chosen above others?

**Mr W.R. MARMION:** Apart from this being a pretty sensible and clever way to put it in, I am advised that this was covered by the Economic and Expenditure Reform Committee, and any other options would be confidential.

**Ms R. SAFFIOTI:** The minister has been advised that any other options would be confidential. I can sort of guess the different options that were put forward, so I do not need to know them. I am asking whether a number of options were considered and why this one was chosen. What are the benefits to this government in deciding on this option?

**Mr W.R. MARMION:** I can answer the second part. There would be an infinite number of methods, obviously, but the benefit of this one is that it maintains the tax-free threshold. It could have started from zero and been recouped from everybody. It means it only impacts on people who are not within the threshold amount. As the threshold goes up, they do not have to pay any tax. We are clawing it back. Any figure could have been chosen, but \$7.5 million was chosen. The cap is \$44 000. That was the option that the EERC agreed on. That was what we are bringing through this bill.

**Mr W.J. JOHNSTON:** I wonder if the minister can tell us whether there was a discussion about this tax arrangement. I appreciate that the minister does not handle the legislation until it gets here, but can he advise whether the Small Business Development Corporation was asked its views on these amendments before it got to the chamber? Was the Regulatory Gatekeeping Unit within the Department of Finance involved in discussions on the arrangement? Did the government discuss these matters with any representative groups in the community such as the Chamber of Commerce and Industry of Western Australia or perhaps the Independent Grocers of Australia? Could the minister advise us of those issues?

**Mr W.R. MARMION:** In relation to consultation, this bill went through the regulatory gatekeeping processes and the advice received from the Regulatory Gatekeeping Unit was that the changes proposed are unlikely to have significant negative impacts on businesses, consumers or the economy.

**Mr W.J. JOHNSTON:** I thank the minister for that answer. On page 10 at line 22 we have a wonderful formula,  $AT - [(W - AT) \times TV]$ . AT is the annual threshold amount for the year, which is \$800 000. An employer who is below the \$800 000 limit does not pay the tax, whereas a person who is above \$7.5 million is okay because they will pay tax on their entire payroll. But we necessarily have this complexity, because of the decision to have the sliding scale, that people between \$800 000 and \$7.5 million have a sliding amount, and this is the formula that has been developed to try to set that sliding amount. As I say, the legislation sets out on pages 10 through to 18 that they are the employers that we are talking about and that the deductible amount for the year is calculated in accordance with proposed subsection (2), and at line 22 of page 10 is the formula. Let us assume that there is an employer with a \$500 million payroll who fits within that \$800 000 to \$7.5 million. AT for them will be \$800 000. There is a minus sign and square brackets, and mathematics tells us that we calculate everything inside the square brackets first.

**Mr W.R. Marmion:** No.

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**Mr W.J. JOHNSTON:** Sorry; before we do the subtractions, we do everything in the square brackets, and the round brackets are then the first thing we do. W is the total value —

**Mr W.R. Marmion:** You said \$5 million, did you?

**Mr W.J. JOHNSTON:** Yes, the example is \$5 million.

**Mr W.R. Marmion:** Yes, so \$4.2 million.

**Mr W.J. JOHNSTON:** So, minus AT. That is \$5 million minus \$800 000, which is \$4.2 million. That is then multiplied by TV, which is the tapering value for the year.

**Mr W.R. Marmion:** Your figure, 0.119, think.

**Mr W.J. JOHNSTON:** So that example is \$499 800, and we take that from \$800 000 and that is the amount that is added to —

**Mr W.R. Marmion:** You take that off the \$5 million and —

**Mr W.J. JOHNSTON:** That is the tax paid on that. That is the arrangement.

**Mr W.R. Marmion:** Correct.

**Mr W.J. JOHNSTON:** The taper value can only change if we change the thresholds that are provided in proposed section 8(2), which was dealt with in clause 13. We can see that the taper value is a fixed amount that varies only by the thresholds, and we can change the thresholds only through legislation. Given that we would want legislation to be easily understood, why would we not specify the taper value rather than have it as part of the formula? I understand that if we were to change the thresholds, the taper value would also change, but it would only change through legislative process, so why not just put the taper value into the legislation?

**Mr W.R. MARMION:** The member is dead right. We actually already have legislation in place to change the threshold from \$800 000 to \$850 000, hence why I have this in place so it will be seamless when the threshold moves. As I said in my reply to the second reading debate, the opposition was fixated on the commentary of the midyear review.

**Mr W.J. JOHNSTON:** The minister could just as easily continued to have had that taper value, because it specifies a taper value from this date and a taper value from the other date.

**Mr W.R. Marmion:** We could have. There is an infinite number of things that we could have done, and this is the way we did it.

**Mr W.J. JOHNSTON:** What is the date the minister is saying that the additional threshold comes in—that is, the \$850 000?

**Mr W.R. Marmion:** It is 1 July 2016; so in 12 months' time.

**Mr W.J. JOHNSTON:** There could quite easily have been a provision that said that the tapering value is this for this year and that for future years, because, as I say, we end up with this, and we will be getting into even more complex future calculations on other pages. If the minister's intention was to keep things simple, the annual thresholds and the tapering values could both be specified as specific amounts rather than having them as formulas. I have trouble doing the calculations, so if the minister's intention is to have simple taxation legislation—the minister told me that the Regulatory Gatekeeping Unit looked at this and said that it was simple legislation—surely it would have been better to have less complexity for ordinary folk, because it does not matter to the department, because it knows what it is doing, it will be the ordinary folk who will have the problem. Why put in a formula rather than something that can be easily read by ordinary people?

**Mr W.R. MARMION:** It does not really matter how it is done, because the employer just provides the data to the department, and the computers will tell them how much they have to pay. If they want to work it out, they can go online and put in the numbers; however, whatever the formula is, it is all done by computer.

**Clause put and passed.**

**Mr W.J. JOHNSTON:** Mr Speaker, I was —

**The SPEAKER:** I am sorry. I put the question and I believe the ayes have it.

**Mr P. Papalia** interjected.

**The SPEAKER:** Member for Warnbro! I was waiting for people to speak and I put the question.

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**Clause 15: Section 17 amended —**

**Mr W.J. JOHNSTON:** I draw the minister's attention to the formula on page 20, at line 28, which is  $(AT - [(TW - AT) \times TV]) \times [\frac{W}{TW}]$ . Could the minister explain that to me and give a live example?

**Mr W.R. MARMION:** At the end of the day, I will try to do it very easily. This is one in which wages are going to other states, so it is proportioning how much of a deduction a person can get off the WA wage bill in relation to how much it is. That is what the formula does. It is almost exactly the same as the other formulae, except for the WA over TW, if we substitute the TW for whatever we had used before—I think it was AT. All it is doing is that the formula is the same, except, because we multiply by W, it is the WA wages divided by the total TW, which is the total amount of Australian wages that are proportionate to how much is WA. It is the portion of WA that can be deducted from the wages bill in Western Australia to then calculate it. That is putting it in words without running through it. I have an example in dollars.

**Mr W.J. Johnston:** Can you table the example?

**Mr W.R. MARMION:** An example is in the explanatory memorandum.

**Mr W.J. Johnston:** The EM has outcomes, but not calculations.

**Mr W.R. MARMION:** At page 20 of the EM, there is a live example of dollars.

**Mr W.J. JOHNSTON:** I am looking specifically at line 19 of page 21, which states —

- (5) Delete section 17(4) and insert:
- (4) ...

That proposed subsection ends over the page on line 12. The formula for a part-year is set out from lines 13 to 26. Can the minister give us an example of how that formula would apply? Does it relate to a business that might move part of its operations to Western Australia at a certain time of the year? Can the minister also advise generally what alternatives were considered in respect of these matters? The minister might remember that the former Treasurer, Hon Troy Buswell, asked the Economic Regulation Authority to examine the question of payroll tax. It put out a draft report and a final report and explained the difficulties—I am sure the minister is familiar with the report—and complexities of payroll tax. It urged the government to go down the path of a simplified arrangement, which is what I was looking forward to asking the minister about in the previous clause but I am happy to ask him about it with respect to this clause. Is that what the minister is contemplating? Does it relate perhaps to a business moving to the state partway through the year? That is the most likely occasion—if a business already has a payroll somewhere else and creates a payroll over here. That is the first question. The second question is: is there a particular reason that the ERA's report has been rejected? I am not sure that the government has formally responded to the ERA's recommendations on payroll tax. Does this mean that the minister is rejecting the ERA's report?

**Mr W.R. MARMION:** There is an example on page 21 of the explanatory memorandum. Basically, this relates to a company that might have operations throughout Australia. It might cease operating completely halfway through the year or partway through the year in Western Australia, so it has had a payroll in Western Australia for part of the year. Alternatively, a new company could start up in WA and operate for only part of the year. This is basically an added feature—we could call it an added complication—of how we calculate the threshold for the deducted amount on its payroll if it had not operated in Western Australia for the full 12 months. An operator could start up and finish anywhere in Australia as well.

**Mr W.J. JOHNSTON:** I asked two questions. As I said, I was intending to ask the second question during consideration of the previous clause but I did not get the opportunity. Given that the ERA made those other recommendations with respect to payroll tax, I assume that the government has rejected the recommendations of the ERA, which is why it is not bringing legislation to us to implement the suggestions of the ERA. Is that what the minister is saying?

**Mr W.R. MARMION:** I am not aware of the government having rejected the recommendations. All we are doing in this clause is putting in the formulas to brick in this clawback of the threshold.

**Mr W.J. JOHNSTON:** I understand that the legislation was created by the Treasurer. Can the minister tell us whether there is a time line for the government to respond to the ERA's report? The Treasurer referred the matter to the ERA to do it. The ERA put enormous effort into it. It had a very thick, detailed draft report, and then a final report after feedback from a lot of agencies. One of the major components of that report was recommendations in respect of payroll tax. It is the old debate—the broader the base, the lower the rate. The

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ERA made that very clear, and it explained it in great detail. I am not saying that I agree with the ERA. I am just saying that it was the government that asked the ERA to do it. Therefore, is the minister aware of the time line for the government to respond to the ERA's recommendations in respect of payroll tax?

**Mr W.R. MARMION:** I am aware that the Treasurer is reviewing that as part of the white paper in the commonwealth situation. So, it is a bit broader than that, and the member will have to obviously ask the Treasurer about that.

**Clause put and passed.**

**Clause 16: Section 18 replaced —**

**Ms R. SAFFIOTI:** Exactly what will be the impact of proposed new section 18? As I understand it, this clause relates to part-year issues. The previous clause deals with employees in Western Australia versus the rest of Australia. I understand that this provision replaces a similar provision that deals with part-year employees. Can the minister provide an explanation of the calculation involved in this proposed new section?

**Mr W.R. MARMION:** This is to do with different groups within the organisation and how to apportion the annual threshold amount for part assessments for the year. The calculation in the bill of  $AT \times \left(\frac{P}{Y}\right)$  is specifically for groups.

**Ms R. SAFFIOTI:** Is that "groups" as in groups of employees? Is it apportioned according to each employee or it is apportioned against groups of employees?

**Mr W.R. MARMION:** It is groups of employees. It shows how to calculate that and feed it back into the formula in clause 15, which is a portion of the annual threshold amount.

**Clause put and passed.**

**Clauses 17 and 18 put and passed.**

**Clause 19: Glossary amended —**

**Mr W.J. JOHNSTON:** I would like to know what will happen to the definition of "apportioned threshold amount". That term is actually used in a number of other clauses. I would have thought that we still need a definition for that term. The member for West Swan drew the minister's attention to this issue when he had an interchange with her in respect of clause 16 of the bill, which is to delete existing section 18 and insert a new section 18, and which in fact uses this term. That is just an example, but this term is used elsewhere in the bill as well. I am wondering why we no longer need to define that term if it is a term that is still being used.

**Mr W.R. MARMION:** My understanding is that this definition has already been brought in. But it is not the same definition as the one that is used here. It has already been brought into individual sections, and it does not have the meaning that it has here.

**Mr W.J. JOHNSTON:** So is the minister saying that the term "apportioned threshold amount" might mean different things in different clauses, and that in certain circumstances it means different things?

**Mr W.R. MARMION:** Yes.

**Mr W.J. JOHNSTON:** So we are introducing a situation in which the same word can have a different meaning, depending on the clause in which it is used. That is quite a surprise to me, minister. I would not have expected that as an answer. But, if that is minister's answer, I look forward to the courts having fun with that.

**Mr W.R. MARMION:** I will respond. It is the same term but it is used in different contexts in terms of apportionments for the year.

**Mr W.J. Johnston:** Yes; so someone could interpret it.

**Mr W.R. MARMION:** Someone could interpret each one if they got hold of it, but it is explained in each section, so I think it is pretty clear what it means.

**Clause put and passed.**

**Title put and passed.**