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PAYROLL TAX REBATE SCHEME (JOBS ACTION PLAN) AMENDMENT (FRESH START SUPPORT) BILL 2014

Second Reading

The Hon. MATTHEW MASON-COX (Minister for Fair Trading) [2.49 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

This bill builds on the Government's election commitment under the Jobs Action Plan, to create jobs in New South Wales and rebuild the New South Wales economy.

The bill proposes an amendment to the Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011.

As the Jobs Action Plan (Fresh Start Support) (JAP (FSS)) builds on the current JAP scheme, all the current legislative requirements for the JAP continue.

The original Jobs Action Plan payroll tax rebate scheme recognised the key role of business in boosting employment, and offered a strong incentive for businesses to hire additional staff. The Jobs Action Plan has been instrumental in helping to create over 127,000 jobs in New South Wales since the New South Wales Government came to office. Data up to the end of March 2014 shows around 49,781 JAP registrations have been received.

The Fresh Start Support scheme proposed under this bill will provide an additional \$1,000 payroll tax rebate to hiring employers when they hire a worker made redundant after 1 January 2014 from a list of designated employers. As under the current scheme, the hire must be for a new job and result in an increase in the new employer's full time equivalent [FTE] numbers.

In the case of part time employees, the amount of the rebate will be pro-rated based on the number of hours worked compared to the standard hours of the particular employer's full time employees - consistent with the current legislative provisions in the Jobs Action Plan legislation.

The \$1,000 additional payroll tax rebate under the Fresh Start Support Scheme will be paid on the first anniversary of the employment of the employee.

This additional \$1,000 means the JAP rebate increases to a possible maximum of \$6,000 for employees formally employed by designated employers.

Employers that employ a worker under the Jobs Action Plan (Fresh Start Support) scheme will receive a \$3,000 rebate of payroll tax on the first anniversary of employment of the relevant employee (being \$2,000 under the existing JAP and an additional \$1,000 under Fresh Start Scheme) and \$3,000 on the second anniversary.

Key issues the Expenditure Review Committee will consider in determining whether an employer should be listed as a designated employer are whether:

- a) the scale of retrenchments from the employer will cause significant disruption to an industry or region; or
- b) the employer operates in a specialised field with employees that have limited opportunities for re-employment in that or another field

A numerical test of 100 or more employees made redundant from a business in a metropolitan area during a 12-month period or 50 or more employees made redundant from a business in a non-metropolitan area during a 12-month period will automatically be taken to have satisfied the designated employer criteria.

ERC may still list designated employers who do not meet the numerical test, but those redundancies will have a material impact in their local area.

Metropolitan areas include the local government areas in the Sydney Statistical Division (including Gosford and Wyong), plus the local government areas of Newcastle and Wollongong. The non-metropolitan area consists of the rest

of New South Wales. These definitions are again consistent with the legislative provisions in the Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011.

To be eligible for the JAP (FSS) payroll tax rebate the employer must employ a worker that has been made redundant between 1 January 2014 and 30 June 2015 from a designated employer. The services of those made redundant must have been performed in NSW.

The JAP (FSS) is currently scheduled to close to new applicants from 30 June 2015, consistent with the current JAP scheme. However, the Government will reconsider this as circumstances develop.

For employees and employers to benefit from the scheme, it will be necessary for the former employer to be listed as a designated employer. This is to ensure those most in need of assistance during major structural adjustments in their respective industry or businesses are supported.

We ask that businesses undergoing significant redundancy episodes notify the government so they can be listed as a designated employer, so their former employees can benefit from this support.

The bill does not allow these designated employers to be eligible for a JAP (FSS), noting that these businesses should not benefit from hiring additional staff when they have recently made significant redundancies. The designated employer would, however, remain able to claim a JAP payroll tax rebate if they meet the criteria.

Regulation is currently being drafted which outlines guidelines for defining a designated employer and the definition of a redundancy. These guidelines can be varied with the approval of ERC.

The guidelines specify that once a business is listed as a designated employer, it will remain so until the JAP (FSS) closes on 30 June 2015.

This bill recognises the difficult economic environment many businesses are operating in and encourages employers to hire employees made redundant through no fault of their own.

This bill demonstrates the Government remains committed to making NSW the first place to do business and encouraging employers to expand their operation.

I commend the bill to the House.