



Appropriation Bill 2013
Appropriation (Parliament) Bill 2013
State Revenue and Other Legislation Amendment (Budget Measures)
Bill 2013 (Proof)

Extract from NSW Legislative Council Hansard and Papers Tuesday 25 June 2013 (Proof).

APPROPRIATION BILL 2013
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STATE REVENUE AND OTHER LEGISLATION AMENDMENT (BUDGET MEASURES) BILL 2013

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Second Reading

The Hon. DUNCAN GAY (Minister for Roads and Ports) [11.22 a.m.]: I move:

That these bills be now read a second time.

The Treasurer has spoken about the 2013-14 budget in the other place. The themes of this budget are jobs, housing and infrastructure. It continues to cement the three pillars on which its two predecessors have been built: improving services, delivering infrastructure and protecting the vulnerable. Three bills give effect to the budget: the Appropriation Bill 2013, the Appropriation (Parliament) Bill 2013 and the State Revenue and Other Legislation Amendment (Budget Measures) Bill 2013. I will speak specifically about the State Revenue and Other Legislation Amendment (Budget Measures) Bill 2013, which provides a range of measures aimed at improving the fiscal environment in New South Wales. The budget initiatives include increasing the payroll tax threshold to \$750,000 and removing annual indexation; increasing the Jobs Action Plan payroll tax rebate to \$5,000 and closing the scheme from 1 July 2015; deferring the abolition of the intergovernmental agreement taxes from 1 July 2013; extending the \$15,000 First Home Owners Grant; and increasing the prescribed rate for the health insurance levy.

From 1 July 2013, the payroll tax threshold will increase from \$689,000 to \$750,000. At the same time, annual indexation of the payroll tax threshold will cease. Increasing the payroll tax threshold means about 1,300 businesses will move out of the payroll tax base for 2013-14. For those businesses still paying a payroll tax the average saving will be \$3,325 in 2013-14 compared to 2012-13. A threshold of \$750,000 would be equal to about three years of indexation if indexation were to continue. Increasing the payroll tax threshold to \$750,000 demonstrates that the Government is committed to assisting businesses in New South Wales to expand and flourish. Removal of indexation will also improve the structural base of payroll tax.

In addition to assisting businesses with an increase in the payroll tax threshold, the payroll tax rebate provided under the Jobs Action Plan will increase to \$5,000 from 1 July 2013. Eligible businesses will now receive the rebate as \$2,000 on the first anniversary of the employment of their new staff and \$3,000 on the second anniversary as encouragement to retain their new staff. Furthermore, as a means to reduce red tape and administrative complexity, employers will no longer need to repay the first-year rebate if the new staff member is not retained until the second anniversary. The plan will be extended to 30 June 2015 with the 100,000 jobs cap removed. Since the plan has been in place it has supported the 130,000 jobs growth during the first term of this Government.

To fund the Government's commitment under the National Education Reform Agreement, stamp duty on business mortgages, non-quoted marketable securities and transfer duty on non-real business transfers—for example, goodwill, patents and intellectual property—will be retained. Retaining these taxes is necessary to finance education reforms in a fiscally responsible manner. New South Wales remains committed to the abolition of these taxes and to improving the efficiency of the tax system. The need to retain these taxes will be reassessed when the low-value GST import threshold is lowered. The Government remains committed to assisting first home buyers to enter the property market and boosting housing construction. The \$150,000 First Home Owners Grant introduced in the 2012-13 budget was due to reduce to \$10,000 for purchases on or after 1 January 2014. The grant will now be retained at \$15,000 for another two years until 1 January 2016. This has been done to assist the ongoing recovery of the housing sector.

Over the past year, a number of private health funds have decided to reduce the rates they pay for treating privately insured patients in public hospitals. NSW Health estimates that these actions will cost \$80 million in patient revenue in 2013-14 if implemented by all funds. Even before the health fund changes, New South Wales

public hospitals were being asked to cover a significant share of the cost of treating privately insured patients. The cost of accommodating a private patient in a single room in a New South Wales public hospital is approximately \$1,000 per night. In comparison, the current single room rate charged by New South Wales public hospitals \$579 per night. The private health funds want to contribute less. The Government is meeting with the health funds to seek a reversal of their rate cuts. However, unless all funds reverse their cuts, the Government will be forced to increase the health insurance levy to meet an \$80-million revenue shortfall in New South Wales public hospitals.

The revenue raised by increasing the levy will enable the budget to cover the shortfall in New South Wales public hospital patient fee revenue so that hospital services are not affected by the health fund rate cuts. The changes will increase the health insurance levy to \$2 per week for a single contributor from 1 July 2013 or to a rate set by regulation. This will give the health funds ample opportunity to reconsider their cuts while also enabling the Government to raise the \$80 million it requires. The increase will simply replace revenue that was paid to New South Wales public hospitals before the rate cuts and that was built into the premiums collected by funds. This bill will ensure that the Government can continue to deliver quality and timely hospital treatment to the people of New South Wales and that health funds maintain their contributions to the cost of private patients treated in public hospitals. The Government continues to deliver genuine assistance and reform to New South Wales and the measures introduced in the budget ensure that the Government continues the job of rebuilding New South Wales. I commend the bills to the House.