



11 April 2018

The Hon. Taylor Martin MLC (Chair)  
Standing Committee on State Development  
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### **Inquiry into Regional Development and a Global Sydney – Response to Questions on Notice**

Dear Mr Martin

The NSW Business Chamber (the Chamber) thanks you for the opportunity to make an additional appearance before the Standing Committee on State Development's Inquiry into Regional Development and a Global Sydney.

This correspondence responds to the questions taken on notice at the Chamber's appearance on 27 March 2018.

**The Hon. PAUL GREEN:** *Have you had any soundings from the Government of moving towards a \$1 million threshold?*

#### **Response**

The NSW Business Chamber continues to make representations to the Government, Opposition and other parties on benefits of increasing the Payroll Tax threshold to at least \$1 million per annum. The Chamber has also made a number of submissions to relevant parliamentary inquiries on the issue.

**The Hon. PAUL GREEN:** *Have you ever tabled that survey report to us? Could you?*

**The Hon. PAUL GREEN:** *If you could do that afresh, that would be great to see what that red tape survey was.*

#### **Response**

Between 24 February and 9 March 2017, NSW Business Chamber members were invited to participate in a survey about payroll tax. 638 businesses responded to the survey including respondents that currently pay payroll tax as well as those that are payroll tax-exempt.

Results from the survey identify:

- The typical payroll tax-paying respondent incurred around \$10,700 in tax administration costs over and above their payroll tax liability.

- Respondents just over the payroll tax threshold incurred compliance costs of \$10,200, well above their actual payroll tax liabilities.
- Respondents close to the payroll tax threshold comprise a number of businesses that are particularly concerned about the prospect of paying payroll tax. Around 80 per cent of these businesses reported they would either be more likely to hire additional staff, or would do so immediately, if the payroll tax threshold were increased. A staggering 85 per cent of these firms indicated payroll tax impacted on their decisions on staffing levels.
- If the payroll tax threshold were increased from \$750,000 to \$1,000,000, 44 per cent of affected businesses indicated they would be likely to increase their staffing levels, while 85 per cent of payroll tax savings (among firms with payrolls higher than \$1,000,000) would be used to expand business operations through increased investment and staffing levels.

A copy of the survey detailing these results is attached to this correspondence.

**The Hon. PAUL GREEN:** *I do not know why the Feds, with a 20 to 25 per cent unemployment rate for youth and young adults in the south of the Illawarra, would not spread another \$20 million for a work-up on the south and do an alignment to each other and then prioritise the projects accordingly. It is disappointing. What are the opportunities to push through the tunnel at Thirroul and get a 60-minute ride from Wollongong? What are the projected opportunities that exist in rail terms?*

### Response

There are a number of limitations in respect to realigning the South Coast Line given the terrain and associated expense. Estimates associated with the cost of tunneling and realigning are provided in a report released by the Illawarra Business Chamber entitled, **Upgrading Rail Connectivity between Illawarra and Sydney** report in August 2017.

A primary recommendation of that report was the construction of the South West Illawarra Rail Link (SWIRL) by completing and electrifying the Maldon-Dombarton Line (35kms), together with the electrification of a small section of the Moss Vale-Unanderra Line (7kms). The SWIRL would provide a critical passenger and freight service, creating a vital transport connection between the Illawarra and Sydney. The line would be dual-track except for the two major bridges and the 4-kilometre tunnel near Dombarton. The estimated cost to construct the SWIRL is \$1.7 billion.

The SWIRL is also estimated to provide more than 1,100 new jobs. The study notes the importance of the new rail line in accommodating freight and commuter movements during a major upgrade of the South Coast line and reducing the cost of any short-term closure or impact of a geological failure along the existing South Coast Line.

The Committee has made a number of references to the projected benefits of the proposed SWIRL in its draft report.



Thank you once again for the opportunity to engage with the Committee in this important inquiry.

Please feel free to contact Mr Luke Aitken, Senior Manager Policy, via email  
or phone if you would like to discuss any of  
the information provided by the Chamber.

Yours sincerely

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