

Second Reading Speech

Employment Incentive Scheme (Payroll Tax Rebate) Amendment Bill 2014

Madam Speaker,

The Government is committed to tackling Tasmania's high unemployment rate with the aim of reducing it to the national average in our first term. To this end, we have announced the Job Creation Package to help the private sector create over 5 000 new jobs. This plan contains four measures to make Tasmania attractive for investment and to create jobs. And one of the measures, which we are discussing today, is targeted at payroll tax relief for medium and large businesses operating in Tasmania.

The Employment Incentive Scheme (Payroll Tax Rebate) Amendment Bill 2014 amends the Employment Incentive Scheme (Payroll Tax Rebate) Act 2009, implementing a fourth tranche of the Employment Incentive Scheme Payroll Tax Rebate to support the creation of new jobs between 30 June 2014 and 30 June 2015.

The Scheme will have an effective job creation period of 12 months and the payment of a payroll tax rebate will require the retention of these new positions for a further 12 months. Therefore, rebates for new jobs created during this period will commence from 1 July 2014 and will continue to be paid until 30 June 2016, provided the jobs are maintained until this date. In effect, the Government will be stimulating job creation over two years.

It is estimated that the Scheme will support the creation of approximately 600 new jobs and provide rebates of up to \$4 million.

In recognition of the difficult Budget situation that we have inherited, we have acted responsibly to cap the Scheme at a total cost of \$4 million. The amount of the cap is consistent with the average cost of previous similar schemes. However, should demand for the Scheme during the job creation phase indicate that the cap might be exceeded; there is provision for the Treasurer to publish a notice in the Gazette limiting the scheme in terms of duration and the amount of rebates payable.

Whilst this Bill limits the duration of the Scheme, the funding is dealt with through the Budget process. This allows the Government the flexibility to increase the cap if the response from the

private sector to create jobs exceeds expectations, and if the Government considered it appropriate. Any decision to close the Scheme (or increase the cap) would be made in light of the broader Budget position and early notice would be provided.

Conclusion

Madam Speaker,

The amendments contained in this Bill give effect to our election promise and will assist and reward those eligible businesses who are committed to boosting employment in the State.

I commend this Bill to the House.