



**PAYROLL TAX REBATE IN NSW BUDGET PROVIDES SOME INCENTIVE FOR BUSINESS IN TOUGH YEAR AHEAD, SAYS PITCHER PARTNERS**

The payroll tax rebate for new staff provides some incentive for business in the tough year ahead, but employers will need to be quick as the measure is capped at the first 100,000 new jobs, said Pitcher Partners partner John Ross.

“The rebate for employing new staff, equal to one year’s average payroll tax bill for each new employee, is a targeted measure that will ensure payroll tax does not inhibit job growth in this tough year ahead.

“NSW business is suffering from the reduced spending of local consumers, while export sales are hit by the high exchange rate induced by the demand for our resources. In these circumstances, a level of relief from State charges was warranted to assist local business.

The big state impost on business is payroll tax and a shift from the current rate of 5.45% to the lower rates of 4.75% in Queensland and 4.90% in Victoria would have been welcome. Any lowering of payroll tax will help business in this State and it would require the government to bring NSW payroll rates back in line with the lower payroll tax rates in other states.

“One sector that would certainly benefit from payroll relief is tourism which is largely unsupported by the NSW Government.

**Energy**

“Energy prices in NSW will increase to pay for the solar scheme and privatisation fiasco. Energy user rates across the States are informative with NSW wedged 30-37% lower than Victoria and 30-44% dearer than Queensland. Perhaps indicative of the results of privatisation of public utilities or the lack of black coal assets to fuel power stations in Victoria.

**Transport – on the buses**

“The woeful record of the previous government in developing infrastructure and this state’s resulting poor transport has put a break on the productivity of NSW employers. The government needs to take a long-term view of infrastructure investment which will allow productivity in NSW to grow.

“The NSW public expect greater resources be allocated to public transport because of the obvious benefits in improving congestion, environmental pressures, safety, economic growth and energy security. The allocation of expenditure for development of the North West rail and South West rail and Dulwich Hill light rail is welcome.

“However in NSW there are more trips taken on buses than there are on rail on an average weekday, and the expansion of Bus Networks with improved infrastructure so buses do not get

caught in traffic should be a priority because they can be rolled out and be operating while the government's rail projects are still being constructed.

"The private sector will give the best value for money for expanded bus services and the \$114 million for new buses will replace some of the worst of the Government fleet.

"Some immediate priorities for the Government to improve the bus network would include:

- at least one bus rapid transport BRT project (Northern beaches to city)
- more growth buses (additional to replacement buses) which will provide more frequency and coverage of bus services
- increase in recurring funding for existing contracts and the school student transport scheme to cover increased compliance and performance standards.

"With increased service quality there also needs to be a new marketing and branding strategy for public transport to encompass all modes and the proposed electronic ticketing system.

### **Marketable securities**

"Duty relief for the transfer of marketable securities remains on foot to be abolished from 1 July 2012 and it is pleasing that the new Government did not renege on this taxation reform proposal.

### **First home buyers stamp duty**

"Restricting the first home buyers stamp duty breaks to the purchase of new homes will serve to stimulate the residential construction sector, however, by not extending this to all first home buyers it will have an adverse affect to the first home buyers market overall."

Mr Ross said NSW Treasurer Michael Baird's first Budget should be applauded for recognizing the need to stimulate the economy by moving into deficit by \$718 million in 2011/2012.

"Pitcher Partners is pleased to see the NSW Treasurer has not been seduced by the dogma of former Treasurers Michael Egan and Peter Costello to deliver a Budget Surplus at all costs.

"Talk of a black hole in the State finances left by the former Government seemed somewhat overstated when the actual surplus for 2010/11 was \$1,264 million compared to former Treasurer Eric Roozendaal's forecast of \$774 million. A 63% better result than forecast," he said.

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