



SA BUSINESSES SHACKLED BY NATION-HIGH TAXES
Tuesday, October 3, 2006

Employment opportunities and the long-term prosperity of South Australia are being threatened by the Rann Government's refusal to cut some of the nation's-highest taxes and charges on small businesses, Shadow Minister for Small Business Liz Penfold said today on the opening day of the inaugural Small Business Month.

"I always welcome initiatives to improve the productivity of our 80,000 South Australian small businesses, but in the current economic climate we need much more than a series of workshops to help them better fulfil their potential," she said.

"The striking reality is that South Australian businesses remain burdened with the highest payroll tax regime in the country at 5.5%, while the payroll tax threshold remains the lowest in the nation at \$504 000.

"Many other states do not charge payroll tax until the payroll reaches \$1 million or more. This gives these small businesses a huge advantage over their South Australian competitors. It is not only a slap in the face for long-suffering small business taxpayers, but also threatens South Australia's economic growth and job growth for the future.

"The Rann government has budgeted to take \$840 million in payroll out of businesses this financial year. By the end of this term of government Budget papers estimate that payroll tax will be nearly a billion dollars a year on the South Australian business community. That's a billion dollar tax on employment in South Australia, money that should be used for businesses to spend on innovation and technology to enable them to be more competitive.

"South Australia has one of the smallest domestic markets in Australia, but with steep payroll, property and land tax contributions, it has the heaviest state tax burden. No wonder business investment in South Australia is below other states, and the retail sector is stuck in the slow lane.

"I'm sure small business owners will be interested in workshops to address issues such as marketing, advertising and sales, but I'm sure they will be even more interested in why the Rann Government continues to do nothing to make it cheaper and easier for them to do business, despite its election promises.

"Many small businesses would be keen to employ more workers if they were not being victimised by excessive taxation. The negative impacts will be felt by all South Australians, because the high level of tax affects the cost of all goods and services as well as the ability of businesses to provide more jobs and economic growth.

"Even the Treasurer admitted in *The Advertiser* on 22 September that we need to reduce business taxes in this state if we are to keep pace with our interstate competitors

"The Government is big on talk, but has failed to outline a long-term vision and demonstrate action to establish a more competitive marketplace for small businesses to help boost economic growth and job growth for the future."