

10 November 2020

The Hon Dominic Perrottet MP
NSW Treasurer
Parliament of New South Wales
52 Martin Place
SYDNEY NSW 2000

Dear Treasurer Perrottet,

Re: Request (again) the removal of NSW Payroll Taxes

Back in early 2018, the Australian Childcare Alliance (ACA) NSW asked for the removal of NSW Payroll Taxes (see <https://nsw.childcarealliance.org.au/images/Documents/Submissions/2018-03-19---ACA-NSW---ECEC-in-NSW---A-Better-Direction.pdf>) as one of fourteen (14) ways the NSW Government can help improve early childhood education and care for children and also address fee affordability for parents.

We were arguably the most overt within our industry sector in thanking the NSW Government for increasing the threshold above \$750,000. With now a threshold of \$1,000,000, the NSW Government has most certainly helped our sector reduce operational costs by at least \$27,000,000 annually.

Payroll taxes are already understood to be both an inefficient tax as well as a cost-impediment to employing staff. And for early childhood education and care services, with labour being the biggest cost centre, NSW Payroll Taxes therefore do contribute toward higher fees for parents and ultimately higher Commonwealth Child Care Subsidies.

Relief from the NSW Payroll Tax is one of the most obvious ways of addressing fee affordability for the NSW Government as well as fixing the pre-existing unlevel playing field. At one stage, about 1,727 early childhood education and care services were exempt from contributing payroll taxes estimated at \$52,478,363 annually, yet about 2,240 family-owned small business childcare operators were required to pay about \$69,161,440 each year to the NSW Government.

It is worth noting that as early childhood education and care services are recognised as educational infrastructure, the Commonwealth's Goods and Services Tax does not apply on our fees to parents (see [GST-free Supply \(Child Care\) Determination 2017](#)). Moreover, the NSW Government also does not impose land tax on these early childhood education and care services, to keep it in line with other educational facilities.

It is therefore our hope that on 17 November 2020, you will see fit to announce the removal of NSW Payroll Taxes.

We look forward to your response. And we thank you in anticipation.

Yours sincerely,



Chiang Lim
CEO

cc The Hon Gladys Berejiklian MP, NSW Premier
The Hon Sarah Mitchell MLC, NSW Minister for Education and Early Childhood Learning