



# Legislative Assembly

## Pay-roll Tax Amendment (Country Employment) Bill Hansard

### Extract

17/08/2000

#### Second Reading

**Mr ARMSTRONG** (Lachlan) [10.00 a.m.]: I move:

That this bill be now read a second time.

It is with great pleasure that I introduce the Pay-roll Tax Amendment (Country Employment) Bill. The object of the bill is to provide an exemption from payroll tax for businesses located in country areas of New South Wales that comprise value adding primary industries or employ additional workers aged 25 or under. Clearly, jobs are the lifeblood of rural and regional New South Wales. Every additional job created in country areas brings an additional income, which is used to purchase more local goods and services, which in turn creates more jobs. The normal factor used in relation to job creativity is a three to one multiplier. A job for a young person can provide a much-needed start in life, a valuable improvement in self-esteem and also act to stop the brain drain to metropolitan areas. The exodus of people from the country to the city is one of the major social problems confronting the nation.

An article in the *Sydney Morning Herald* of 3 May illustrated this point. A new population report, entitled "Population Growth", shows that the stream of young people leaving country areas remains steady and in some cases is rising. For example, Warren, north-west of Dubbo, lost 0.7 per cent of its population between July 1998 and June 1999. According to the report's author and KPMG consultant, Bernard Salt, over the past 20 years almost 15 per cent of Warren's population has left that shire. There has been a 45 per cent reduction in the five- to 14-year-old age group, and a 43 per cent reduction in the 15- to 19-year-old age group. Other towns badly affected include Murrumbidgee, in the upper Hunter Valley, which lost 2 per cent of its population; and Holbrook, near Albury, which lost 2.1 per cent of its population. Therefore, jobs must be the priority of all members of this House, no matter what their political persuasion.

The Carr Government has failed terribly in creating employment in rural and regional New South Wales. Perhaps it has been a bit too preoccupied with the Olympic Games. Unemployment in rural and regional areas is twice as high as it is in Sydney. Unemployment figures released in February showed that the gap between Sydney and the country is widening. Unemployment in Sydney is at 4.4 per cent, while in regional New South Wales it is almost double, at 8.4 per cent. These are only average figures—in many areas the jobless rate far exceeds 10 per cent, particularly for young people, and particularly on the North Coast and in the far west of the State. The Carr Government's claim that New South Wales is experiencing an economic boom is a myth to young people in many regional and rural areas.

Under this bill businesses in country areas will be granted an exemption from payroll tax for five years if they are a value adding primary industry or if they employ additional workers aged 25 or under. Country New South Wales, as defined by the bill, means that part of New South Wales that is not within the County of Cumberland, or the cities of Liverpool, Newcastle, Penrith or Wollongong. However, if in the future a case can be made to extend this geographical area the definition should be able to be altered by regulation. I understand that the County of Cumberland creates some anomalies. Hawkesbury, Camden and Wollondilly local government areas straddle the boundaries of the County of Cumberland. Those parts of the Hawkesbury local government area that are, arguably, suburban—Richmond, Windsor and Bligh Park—are in the County of Cumberland.

However, the rural parts of the Hawkesbury local government area are both within and outside the County of Cumberland. Some parts of the Hawkesbury local government area will be eligible, some will not. That part of the Camden local government area that falls outside the County of Cumberland is now almost wholly urban. The rural parts of that local government area are in the County of Cumberland. The Appin district, which is still predominantly rural, falls within the County of Cumberland, while the rest of the Wollondilly local government area falls outside. Shellharbour and Lake Macquarie local government areas are eligible for exemptions, when both are integral parts of metropolitan Wollongong and Newcastle respectively.

Value adding primary industries are defined as mining, forestry, agriculture, aquaculture, commercial fishing, horticulture, permaculture, viticulture, biotechnology, environmental engineering, waste and effluent processing technologies and any other industries that may be prescribed by the regulations, and such processes prescribed by the regulations as are applied to primary produce in order to bring it, or products derived from it, to the point of retail sale. For example, the exemption should apply to jewellery manufacturers who use mining products and agriculture in all its forms. This includes the breeding of livestock, race horses, harness racers and recreational horses. I learnt only yesterday from the mayor of Windsor that it is estimated that there are more than 100,000 recreational horses in the west, south-west and north-west of the city of Sydney. The exemption should extend also to the processing of canned, frozen, manufactured and fresh food.

The bill will encourage decentralisation of industry, which has failed to materialise under the Carr Labor Government, despite promised action. The rhetoric has been strong but job creation has been almost invisible as a result of the past five years of this Government. The bill will alleviate general rural unemployment, which is chronic in many areas, and will particularly address youth unemployment. The bill will boost the economies of moribund regions and help ensure the survival of small rural towns that have been hit hard by government cutbacks, bank closures and population migration. This is a positive and proactive initiative aimed at solving very real problems. It deserves the support of every member of this House, particularly those members who parade as Country Labor. This is a real test of their mettle.

A considerable amount of infrastructure in rural New South Wales is currently being underutilised. It has been estimated that anywhere from 100,000 to 500,000 people could be accommodated in the current rural infrastructure. Most country towns—certainly those in the Central West, upper North Coast and South Coast—have surplus streets, electricity, schools, churches, playgrounds, industrial land and housing. The value of housing and industrial land in rural areas is extremely attractive in comparison to the rapidly escalating prices of land in the cities of Newcastle, Sydney and Wollongong.

Recently a number of publications noted that Sydney is recognised as one of the world's most expensive cities in which to live. Members of all political persuasions from country electorates would argue that rural New South Wales offers a golden opportunity for people to live, travel to work and educate their children at an affordable level. If my bill is accepted their children can look forward to obtaining jobs in country towns. As the population spreads across rural New South Wales it will use infrastructure that has been put in place by local, State and Federal governments—and paid for by the rate payers—but currently is not being used. That spread may minimise many of the social problems that come with an increasing density of population in major centres. There is no doubt that a happy lifestyle and happy workplace lessens tensions in the community and reduces many of the social problems that seem to be increasing, as recounted by honourable members in this House day in and day out.

During the past 15 or 16 years the number people who have come to my office with social problems has quadrupled, mostly as a result of pressures brought on by the increased density of living. In towns where there is good employment and expansive industry—such as Lake Cargelligo, Condobolin or Cootamundra—the crime rate drops and productivity increases, resulting in better health. Such towns have less demand for health facilities than do towns which are overcrowded. The economy and the retention of young people in country towns are not the only issues that impact on the cultural, social and economic structure of New South Wales. I ask the House to accept this bill.