

**Submission
No 28**

ESTABLISHMENT OF SPECIAL ECONOMIC ZONES

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Date Received: 27/03/2012



**Members ~ Namoi Catchment Management Authority
Gunnedah Shire Council
Liverpool Plains Shire Council
Narrabri Shire Council
Tamworth Regional Council
Walcha Council**

**SUBMISSION
TO THE
NSW PARLIAMENT
LEGISLATIVE ASSEMBLY
COMMITTEE ON ECONOMIC DEVELOPMENT
INQUIRY INTO THE ESTABLISHMENT OF
SPECIAL ECONOMIC ZONES**

Inquiry Terms of Reference

That the Committee inquire into and report on the establishment of special economic zones providing state tax and financial incentives to promote economic growth, employment and investment in regional and rural New South Wales; and other related matters.

1 INTRODUCTION:

Namoi Councils is a Regional Organisation of Councils located within the Namoi and Peel River Catchments of the North West Slopes and Plains and New England Regions of northern New South Wales.

Membership of Namoi Councils comprises Narrabri Shire Council, Gunnedah Shire Council, Liverpool Plains Shire Council, Tamworth Regional Council and Walcha Council and is unique to the extent that the Namoi Catchment Management Authority is a member.

The primary aim of Namoi Councils is to:

- (i) effectively advocate on agreed regional positions and priorities;
- (ii) resource the capacity of the region to plan for and resource economic growth and diversification;
- (iii) work together to increase the viability and effectiveness of local government in the region; and
- (iv) facilitate and foster cooperation, information exchange and resource sharing.

Local Government and Community infrastructure, mining, exploration and energy, water supply, economic development and diversity and local governance are principal priorities of the Organisation. The Mission of Namoi Councils is to be recognised as the 'Voice of the Region' locally and nationally as the peak Namoi Regional Body that effectively advocates on agreed regional positions and priorities.; focuses and fosters cooperation, information and resource sharing, and improves the image of the Namoi Region and Local Government.

2 SPECIAL ECONOMIC ZONES

The purpose of the Committee on Economic Development Inquiry into the establishment of special economic zones providing state tax and financial incentives to promote economic growth, employment and investment in regional and rural New South Wales so as to achieve a broader distribution of population, development and investment in rural and regional NSW as opposed to allowing continuation of the dominance Sydney-Newcastle-Wollongong metropolitan area is highly commendable and one which is very much supported by Namoi Councils.

Increased economic growth, higher levels of employment and greater investment in regional and rural NSW has clear and discernible benefits for the business and community sectors.

In the context of regional and rural NSW, the following benefits are readily identifiable:

- Increased opportunities to retain school leavers and young people within rural and regional communities and the diversification of rural and regional economy

- Tertiary education and occupational training and development of school leavers and young people
- Remedies social problems such as disproportionate aged populations in regional areas, isolation and community dislocation
- Improves the amenity of regional centres in education, health, culture, retailing, industry, recreation and professional services
- Develops a new asset and export base through resource development and promotes industry, business and regional specialisation
- Provides for a wider range of housing and lifestyle choices.
- Builds new and upgrades existing public infrastructure such as roads, bridges, rail and airports.

In the context of the Sydney-Newcastle-Wollongong metropolitan area, the following benefits are readily identifiable:

- Potential for cheaper infrastructure provision and the ability for appropriate and adaptive technology
- Provides rational and equitable resource development and income distribution
- Creates the environment for self reliant and sustainable regional cities which can generate business and industry clusters and offer competitive advantage
- Provides for more efficient regional coordination of community service delivery
- Provides a mechanism for the arrest of population migration to other states.

In the context of the Australia, the following benefits are readily identifiable:

- Creates export opportunities and widens the tax catchment through increased private sector investment
- Broadens and diversifies the Australian polity and political representation
- Incorporates global and ecological issues, e.g. the Murray Darling Basin and biodiversity
- Improves boarder protection and strategic defence capability because of a broader population distribution.

Namoi Councils' acknowledge that promotion of economic growth, employment and investment by the NSW Government is a state wide dictate, however, there is a compelling argument for government policy initiatives that provide for accelerated growth and development of rural and regional NSW.

One of the great strengths of rural and regional NSW is the innate sense of purpose that exists in the community and its leaders. Regional NSW towns and cities are characterised by their great community spirit which is evidenced by cohesion, direction, openness, transparency of decision making and a reputation for “*getting things done*”. These qualities are recognised by many businesses that have relocated or expanded their business in regional areas and are pointed to as a competitive business advantage and a benefit of relocation.

Special economic zones that offer tax and financial incentives for increased economic growth, employment and investment in rural and regional areas of NSW which redress the imbalance between metropolitan and non-metropolitan areas of the State are Government policy initiatives which can be justified in terms of cost benefit analyses and provide social, economic and environmental benefits specifically to communities within the zone and generally to the wider community.

As the host for Special Economic Zones, the State Government must ensure implementation of a sound and rigorous best practice policy and an incentive framework for a special economic zone to achieve the objectives of promoting economic growth, employment and investment within the designated zone. Hand in hand with the policy and incentive framework is the implementation of the various physical and procedural aspects.

Special economic zones will either fail or not achieve optimal levels of performance if there is a lack effective coordination of the various physical and procedural aspects of special economic zones by the host.

Ideally, special economic zones tax and financial incentives should be a package of State and Federal Government incentives and include incentives within the areas of corporate income tax, import/export and resource development charges and taxes. Notwithstanding such incentives are not within the jurisdictional responsibilities and powers of the NSW Government, the Committee of Inquiry is strongly encouraged, either during or at the conclusion of the Inquiry, to commence a dialogue with the Federal Government to determine ways of enhancing the findings and recommendations of the State Inquiry.

The following is a list of suggested state tax and financial incentives for inclusion in the policy, legislative and regulatory framework for Regional NSW Special Economic Zones:

3 GENERAL - SPECIAL ECONOMIC ZONE INCENTIVES

- Streamlined procedures for business registration in NSW
- A one stop shop customer service centre for all new and existing business expansion within designated special economic zones
- A single government office that provides fast tracked whatever State Government licenses, approvals and authorisations required for new business start up and existing business expansion within designated special economic zones

- Adequate authority and autonomy for the special economic zone authority to manage and operate in relation to staffing, budgets, policy and program implementation
- Constitution of an independent Board comprising key government Ministers and private sector business leaders reporting direct to the Premier to oversee and manage the policy and legislative framework of special economic zones
- Special economic zone designated criteria in relation to land use planning and development approvals for industrial, commercial and residential development
- A State Government Infrastructure Development Unit to ensure adequate, timely and appropriate planning and provision of public infrastructure for special economic zones.

4 SPECIFIC - SPECIAL ECONOMIC ZONE INCENTIVES

- State Government funding for a Public Infrastructure Plan to service accelerated growth and development
- Affordable Public Housing Strategy which provides housing stock for rental and purchase
- Attractive State Government financial assistance packages for existing commercial and industrial expansion
- Affordable child care services
- Specialist medical services
- State Government Payroll Tax Exemptions
- State Government Property Tax Exemptions
- State Government funded local government land rates and service charges exemptions
- Environmental remediation subsidies
- Research and Development subsidies
- Full Time Employment job creation subsidies
- Business Relocation and existing business expansion subsidies
- Employment Training and Development Infrastructure

- Comprehensive upgrade of hard and soft infrastructure that connects the special economic zone to the global economy in terms of telecommunications, air, road, rail and ports
- State Government funded design and creation of public infrastructure to national and international standard
- Provision of affordable land for residential, commercial and industrial development
- Global marketing and promotion of zone business opportunities, capacity and competitive advantage
- Establishment of business and industry clusters to capture competitive advantage, economies of scale, vertical and horizontal integration
- Tax exemption incentives for zone investment
- Vehicle registrations subsidies and exemptions
- Energy (electricity, gas and fuel) charges subsidies and exemptions
- State Government Sales Tax exemptions and subsidies
- State Government funded Regional Airport upgrading and improvements
- Establishment of Regional Air Freight Centres

5 CONCLUSION

Namoi Councils is appreciative of the opportunity to make a submission to the NSW Parliament Legislative Assembly Committee on Economic Development Inquiry into Special Economic Zones. Namoi Councils wish the Committee every success in its endeavours to develop a policy and incentive framework for special economic zones to deliver increased levels of economic growth, employment and investment in regional and rural NSW.



Cr Col Murray
Chairperson
NAMOI COUNCILS

23 March 2012

**Working together to increase the viability and effectiveness of
Local Government**