

**Submission
No 6**

INQUIRY INTO ZONAL TAXATION

Organisation: Western Division Councils of NSW
Name: Ms Ruth Fagan
Position: Executive Officer
Date Received: 2 June 2016



June 2, 2016

The Legislative Assembly Committee on Investment, Industry and Regional Development Inquiry into zonal taxation

The Western Division Councils of NSW believe that the 11 local government areas in the west of the state would benefit greatly if there were a reduction of taxation rates or waiving of payroll tax in the region. The Far West would be a great place for a long term pilot as it is not a large contributor to tax income for the state.

There are a lot of barriers faced out west through remoteness, higher start costs and higher unemployment. Tax reform would be one way to drive the economic development and revitalisation of western NSW.

Businesses in regional NSW have very high transport costs compared to those in the city, which have access to good freight routes. The cost of these items alone is a major deterrent to businesses setting up outside the cities.

A reduction or waiving of payroll tax would go some way toward offsetting these costs and establishing new business in regional NSW.

Suitable land, public infrastructure such as hospitals, schools and roads are already available and underutilised in regional NSW while the coast is struggling to keep up with infrastructure.

The present payroll tax threshold starts at \$750,000 about \$60,000 a month which means a business that employs about 20 people. This is not a large business and raising this threshold or waiving it would encourage more established businesses in the regions to expand their workforce.

Although the government has a Payroll Tax Rebate scheme for businesses to take on new employees, this is complicated and requires a lot of paperwork for a possible small return over a year.

Tax exemptions for businesses based and operating in Far West NSW would provide greater employment for an underutilised workforce and use the already established infrastructure.

Ruth Fagan

Executive Officer

Western Division Councils of NSW