

INQUIRY INTO ZONAL TAXATION

Organisation: Port Macquarie Hastings Council
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Position: Chairperson - Economic Steering Group
Date Received: 3 June 2016

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Committee Manager
Committee on Investment, Industry and Regional Development
NSW Legislative Assembly
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir/Madam

Inquiry into Zonal Taxation

I write on behalf of Port Macquarie-Hastings Council's Economic Development Steering Group, in response to the Committee's submission invitation regarding the benefits of zonal taxation for regional economies, infrastructure and services in NSW.

The Steering Group provides a forum in which Local Government, business and industry leaders discuss and debate, plan and progress local and regionally significant economic outcomes that continue the growth of our local economy.

With our area recognised as a NSW regional city, the Steering Group focuses on implementing an economic development strategy that will help ensure a vibrant, diversified and resilient economy. With an idyllic climate and lifestyle, migration and population growth come naturally for the Port-Macquarie Hastings region, however, we recognise that more needs to be done to attract and ensure there are jobs for working age residents. Further, we need to take action on the issues of youth unemployment and underemployment - the Mid North Coast of NSW currently has the second highest youth unemployment in regional NSW at 19.5%.

The key challenge our Steering Group sees for our region, is ensuring there is jobs growth and workers to fill specific industry skills gaps. The Steering Group considers zonal taxation as being a valuable means to encourage business and jobs growth via:

- decentralisation from major metropolitan centres
- business relocation
- local business expansion (reduced overheads means the ability to invest in business expansion); and potentially
- industry specific taxation incentives for industries such as agriculture and manufacturing.

As a net exporter, our region sells more goods and services out of the region than it imports. This is a good position to be in. What it also means however, is that many local businesses are working hard to remain competitive in the global business environment. The costs of doing business in a regional area can be more expensive than metropolitan areas, or in our case, those regions closer to key population centres such as Sydney.

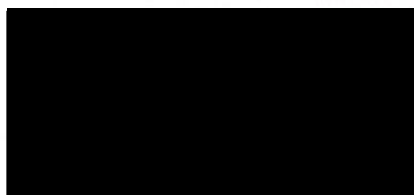
Further, whilst we are a net exporter, zonal taxation (if targeted appropriately) will have the potential to boost jobs and GRP by encouraging new or expanded business activity in sectors where we are a significant importer of goods and services from other parts of Australia or overseas. Most notably, some of the largest Port Macquarie-Hastings region domestic imports by sector are:

- \$154m per annum in manufacturing sector goods and services
- \$114m in construction services;
- \$57m health care and social services.

Ultimately, our Steering Group supports zonal taxation as practical tax reform by which our region can continue to encourage and support high quality and competitive businesses. Whilst this is primary focus, clearly there would also be implications in terms of our attractiveness as a region to live, learn, work, play and invest more broadly. It is recognised, however, that zonal taxation of any form is probably not something that could be sustained in the long term and may be considered as an initiative with a finite period (toward the end of which there would be a "winding back").

Should you have any queries regarding matters raised in this submission, please don't hesitate to contact me via email [REDACTED] or Council's Group Manager Economic Development, [REDACTED] via email [REDACTED]

Yours sincerely



Councillor Rob Turner
Chairperson
PMHC Economic Development Steering Group