Submission No 14

INQUIRY INTO ZONAL TAXATION

Organisation: Central NSW Councils

Name: Councillor Bill West

Position: Chair

Date Received: 10 June 2016

CENTRAL NSW COUNCILS

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6 June 2016

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The Hon. Melinda Pavey
Chair
Legislative Assembly Committee on Investment
Industry and Regional Development
Parliament House
Macquarie Street
Sydney NSW 2000

Email: investmentindustry@parliament.nsw.gov.au

Dear Ms Pavey,

Re: Inquiry into Zonal Taxation

Central NSW Councils (Centroc) represents over 243,000 people covering an area of more than 72,500sq kms comprising the Local Government Areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Hilltops, Lachlan, Lithgow, Mid-Western, Oberon, Orange, Parkes, Upper Lachlan, Weddin, and Central Tablelands Water.

It is about the same size as Tasmania with half the population and a similar GDP.

Centroc's vision is to be recognised as vital to the sustainable future of NSW and Australia.

Its mission is to be recognised as the lead organisation advocating on agreed regional positions and priorities for Central NSW whilst providing a forum for facilitating regional cooperation and sharing of knowledge, expertise and resources.

Fit for the Future

Centroc was selected as one of five regional pilot Joint Organisations to assist the NSW Government strengthen and reform local government.

Centroc has two core objectives:

1. Regional Sustainability - Encourage and nurture suitable investment and infrastructure development throughout the region and support members in their action to seek from Governments financial assistance, legislative and/or policy changes and additional resources required by the Region.

2. Regional Cooperation and Resource Sharing – Contribute to measurable improvement in the operational efficiency and effectiveness of Member Councils through facilitation of the sharing of knowledge, expertise and resources and, where appropriate, the aggregation of demand and buying power.

The Centroc Board is made up of the 32 Mayors and General Managers of its member Councils who determine priority for the region. These priorities are then progressed via sponsoring Councils. For more advice on Centroc programming and priorities, please go to our website http://www.centroc.com.au

Centroc understands the Terms of Reference to be;
That the Committee inquire into and report on the possible benefits of zonal taxation for regional economies, infrastructure and services in NSW, with particular reference to:

i. Exemptions from, or concessions in relation to, payroll tax, stamp duty, and land tax;
ii. Concessions in relation to utility charges;
iii. The impact of fuel levies on regional growth; and,
iv. Any other related matters.

Centroc policy has for decades been supportive of schemes that incentivise that supports decentralisation.

Payroll tax, stamp duty and land tax, utility charges and fuel costs all factor into the overall cost of doing business in regions. Any move to reduce the burden of these costs for regional business will create a business environment which in part overcomes the disadvantages of regional locations (real and perceived).

Payroll tax is seen by many SMEs as an unfair tax on employment, and there is evidence that firms will deliberately limit their potential growth to avoid p/tax liability. While the Jobs Action Plan offers a temporary incentive to create additional jobs, a genuine reduction in payroll taxes for regional firms would be welcome.

Utility costs, particularly energy costs are prohibitive in many regional locations. The current regimes for energy sale and distribution has left many areas with inadequate and expensive power supply. Addressing the costs to business through concessions, and at the same time finding a better way to plug infrastructure gaps (other than by passing full costs onto the first user) would stimulate economic growth. Restart NSW funds would be a good avenue to explore for the infrastructure gaps.

Fuel costs are a major business issue for regional locations, particularly for freight which needs to travel to coastal destinations. Concessions which recognise freight cost disparities would redress competitive disadvantage. Central NSW is particularly freight constrained. Given the cost to port of freight in this region and its non-competitiveness with other jurisdictions internationally, for example Canada, this region is very supportive of any activity including concessions that reduces the cost of freight to port. Short haul and better aggregation are two potential avenues that could be explored.

There are significant additional costs for employers and families of apprentices and trainees in regional areas. With the increasing rationalisation of training delivery into larger regional centres to manage costs (eg TAFE), or withdrawal of certain training to Sydney Metro only, apprentices and trainees bear considerable extra cost to attend block training away from home, both in fuel/transport costs and accommodation. It is not uncommon for employers to contribute to these extra costs, or otherwise incur extra business costs in accommodating gaps in their workforce when staff attend block release. Supporting these additional costs either through the payroll tax system or some other form of compensation (acknowledging that many SMEs are not liable for payroll tax and that apprentice payroll tax liabilities are met by the State already) would redress the imbalance between regional and metro businesses.

To support the national and State effort on growing the knowledge economy and innovative marketing approaches connecting product to consumer the region recognises the importance of the NBN and removing mobile blackspots and is keen to work with the State on ensuring ongoing improvements and leveraging of the NBN.

Centroc policy has for decades been supportive of zonal taxation that supports decentralisation through cheaper tax rates. The focus of work undertaken in this region has been around creating employment incentives based on the premise that cheaper labour will encourage business to move to the area. An effort across jurisdiction and levels of government would be required to optimise outcomes building on the initial “reducing the costs of labour” lever.

This is quite different from the current “work for the dole” model which has the unemployed working in a supernumerary capacity. Arguably a model as described in the attached could be the next logical step leveraging the framework that supports the existing “work for the dole” scheme. This in combination with a case and place based approach to skilling workforce as is evidenced in the NSW Smart and Skilled model would also be useful.

While any model that brings business to the region is seen as useful, a strategy that focuses on jobs, including the white collar workforce in the first instance is seen as better for the long term sustainability of community. This also has a good fit with the Premier’s priorities of Growing Jobs and the overall NSW government election commitment to decentralisation.

It is appreciated that the NSW Government has limited levers it can pull to transform regional economies. There is no doubt that cheaper electricity, fuel, payroll stamp duty and land tax all have some effect. Arguably, an aligned, place based effort on zonal taxation including using Federal taxation levers on a zonal basis would provide a more enduring decentralised response and this region would be keen to work with the NSW government on what this might look like.

Centroc would recommend that effort be undertaken in aligning of local, regional, state and federal on decentralisation to enable regional development. In our view, the structures, delegations and resourcing need to be in place to enable decentralisation. Currently this is not the case and any effort is disparate, duplicative and ultimately wasted. There is good reason to move in a more focussed and strategic direction leveraging a place based approach to regional development as outlined in the recent Regional Australia Institute Report, Deal or No Deal:

For every additional 100,000 Australians who choose to live in small cities rather than the capital cities, the RAI estimates that around $42 billion dollars is be released into the economy over the next 30 years through reduced interest payments on mortgages alone. Released back into the consumption economy, this is would represent a considerable national economic stimulus.

Small city growth can also play a role in reducing congestion problems in Australia's major cities. The avoidable cost of congestion in Australia's capital cities was $16.1 billion in 2010. This takes into account both the value of private and business time, as well as vehicle operating costs and air pollution costs.

This region welcomes any opportunity to co-design solutions for our communities and any further consultation. Accordingly we invite you to come to the region and meet with us and discuss our ideas in more detail.

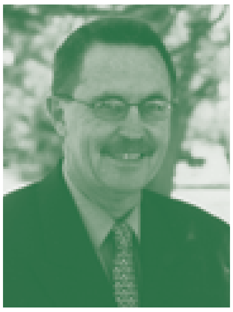
For more information please contact the Centroc Executive Officer [redacted] on [redacted].

Yours sincerely,

[redacted]

Cr Bill West
Chair
Central NSW Councils (Centroc)

enc: A Review of Estimated Enterprise Zone Benefits for Government and Business. Tom Murphy, Luciana Mazzotti and Graham Apthorpe.



A Review of Estimated Enterprise Zone Benefits for Government and Business

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The term 'enterprise zone' refers to a range of policy instruments applied to a geographic area to encourage economic activity. Enterprise zones have been used in the United Kingdom, the United States and the European Union to address social and economic disadvantage, and to promote employment growth and business investment. For some years, the Western Research Institute has been involved in the study of enterprise zone models applicable to regional New South Wales communities, particularly in the north-western region. A model developed earlier this year for the Cowra Shire provides a simple example of how an enterprise zone can benefit business, the Commonwealth Government and the community. Compared to the base case, a business can improve profitability by up to 38% in the first six years of accessing the enterprise zone benefits. Likewise, the Commonwealth Government can improve their fiscal balance by up to 31% in the first six years. In addition, the benefits of an enterprise zone can extend to the community through the intangible social benefits and flow-on economic benefits that are associated with a person moving from welfare to work.

An enterprise zone is a geographic area where economic activity is encouraged with a set of policy instruments that are not generally applicable outside the zone. Enterprise zones are generally used in areas of particular social and economic disadvantage such as rural and remote areas. A range of incentives may be used, although the most common are tax credits for new employees, tax deductions for new capital investment and property tax reductions.

Disadvantaged regions can be identified by high unemployment, low employment growth, widespread poverty and low incomes. This type of imbalance is caused by market failure whereby the relatively small volume of output from a region causes labour mobility and a decrease in capital liquidity. The evidence suggests that the free operation of the market will not automatically correct regional imbalance. As the more prosperous regions continue to develop as a result of in-migration, out-migration from disadvantaged regions results in depressed demand; lower output; increased unemployment; and accelerated decline in regional services. Without government intervention the disadvantage experienced in regional areas will continue.

The concept of enterprise zones originated in the United Kingdom in the early 1980s, with the aim of promoting physical and economic regeneration in areas with problems that could not be overcome through market forces or existing urban and regional policy instruments. The idea was later seized upon by the United States in the mid-1980s.

The primary rationale for most enterprise zones is to create jobs. If an enterprise zone is successful in generating employment growth, the levels of disadvantage in economically distressed areas should decline, all else being equal. Enterprise zones are also used to stimulate business investment. This can occur if businesses move into the zone or if existing businesses expand their operations within the zone. Increased business investment may also create jobs for the local unemployed people.

While the term 'zone' refers to a designated area in which a government wishes to achieve its regional development goals, enterprise zone benefits are only available to individual businesses within the zone that meet strict criteria laid down by government. Legal opinion by Senior Counsel obtained by the Local Government and Shires Associations of New South Wales and the Institute of Chartered Accountants in Australia concluded that there would be no constitutional impediment to the Commonwealth Government's participation in setting up regional development mechanisms such as enterprise zones.

An Enterprise Zone Model

Since 2003 the Western Research Institute has examined the role of enterprise zones in Australia, particularly in the north-western region of New South Wales. This research suggests that an enterprise zone model could address economic and social disadvantage through social, economic and capacity building incentives. The Institute has also recently been asked to examine the benefits to business and government of establishing an enterprise zone in the Cowra Shire of New South Wales.

The objective of the Cowra model was to move people from welfare to work and to ease the burden and risk of business expansion in the short- to medium-term. The model presented a simplified example of how tax credits could assist both businesses and the Commonwealth Government to encourage regional development by stimulating distressed communities and reducing welfare outgoings. The creation of jobs, both within the communities and throughout the region, provides the foundation on which residents can become economically self-sufficient and communities can revitalise themselves (Delaney 2000).

The Cowra model only considered the effect of an economic incentive (tax credit) on aspects of the business and Commonwealth Government receipts and payments including:

- Centrelink payments
- income tax
- company tax
- Goods and Services Tax (GST)
- job network training (long-term unemployed placement payment).

The model proposed that the enterprise zone be administered through local government and therefore also considers the effect of a local government administration fee.

Assumptions of the Model

The Cowra model proposed a tax credit to businesses that employ individuals previously on welfare payments. The incentive to the business was assumed to be a tax credit for 75% of new employee's wages in the first year (decreasing by 20% of the original amount for each subsequent year of employment, so that in the sixth year no wage credit is given). In addition, an administration fee of $10,000 would be paid by the Commonwealth Government to local government in the first year.

The model was based on the case of one hypothetical business in the Cowra Shire. The figures used to represent the business situation were developed by Cowra Shire Council in consultation with local manufacturing firms. The business was assumed to have an initial staff of 20 employees, turnover of $2.6 million per annum and costs of $2,358,600.

As a result of the enterprise zone scheme, the firm employs three additional people, all of whom were receiving Centrelink payments (Newstart Allowance). Two of the new employees were assumed to be long-term unemployed and part of a couple. The other was unemployed and single. Upon recruitment by the firm, the new employees are paid a wage of $31,000 per annum, net of 9% superannuation.

As a result of employing the three additional employees, the firm is assumed to become more productive, with a sales increase of 10% of initial sales revenue in the first year of employment and a further 5% in the second year of employment to a total increase in sales of 15%. Variable costs (which include inputs, freight, advertising, bank charges, computer operations, electricity, insurance, interest, packaging and repairs) were assumed to have increased at the same rate as sales – by 10% of initial costs in the first year of employment and a further 5% in the second year to a total increase of 15%.

Workers compensation insurance was assumed to be 10% of the total wage bill for the firm and hence increased in the first year of employment by $9,300. Payroll tax was calculated as 6.2% of the total wage bill for the firm (for each dollar over $600,000). The total increase in payroll tax in the first year of employment was therefore $5,766.

If not employed with the hypothetical firm, it was assumed that within three years, all three of the unemployed individuals would have found alternative employment. For calculation purposes, it was also assumed that one of the long-term unemployed would have found work in year one, the other in year two and the single person in year three.

When on unemployment benefits, the income of the three individuals ranges from \$10,000 to \$19,000, depending on their situation. When employed, the individual's income increases and as a result household expenditure was also assumed to increase.

Testing the Model

Centrelink payments

Newstart Allowance is a payment made by the Commonwealth Government to people aged over 21 who are unemployed. Table 1 outlines Newstart Allowance payments by Centrelink based on simple demographic information (note that these payments are subject to an income and asset tests that have not been considered in this model).

Table 1: Commonwealth Government Newstart Allowance payments.

	Newstart Allowance	
	Fortnightly (\$)	Annually (\$)
Single, no children	410.60	10,675.60
Single, with children	444.20	11,549.20
Single, 60+ after 9 months	450.00	11,700.00
Partnered	741.00 (370.50 each)	19,266.00 (9,633 each)

Source: Centrelink 2006

Total annual unemployment payments to these three people are \$49,207.60, that is:

one employee who is single with no children (\$10,675.60)
+ 2 employees who are partnered (2 × \$19,266.00).

It is assumed that as a result of employment of the two partnered individuals, Centrelink payments to the couple cease.

When these three people are employed, the total savings to the Commonwealth Government is \$49,207.60 per annum.

As the savings to the Government cannot be accrued perpetually, it was assumed that all of the individuals would find employment within three years. Therefore, savings to the Government were considered to be reduced to \$29,941.60 in the second year (total minus one of the partnered individuals); \$10,675.60 in the third year (minus the other partnered individual); and zero each subsequent year.

Income tax

In addition to savings to the Commonwealth Government on unemployment benefits, the model demonstrated that where unemployed people start working income tax revenue would also increase. Table 2 outlines individual income tax rates for the 2006–07 financial year as defined by the Australian Taxation Office (ATO).

Table 2: Individual income tax rates for the 2006–07 financial year.

Taxable income	Tax on this income
\$0–\$6,000	Nil
\$6,001–\$25,000	15c for each \$1 over \$6,000
\$25,00–\$75,000	\$2,850 plus 30c for each \$1 over \$25,000
\$75,001–\$150,000	\$17,850 plus 40c for each \$1 over \$75,000
Over \$150,000	\$47,850 plus 45c for each \$1 over \$150,000

Source: ATO 2006

As a result of the employment of these three individuals, the Government receives an additional \$9,268.86 of tax revenue per annum compared to that which would have been received when these people were receiving Centrelink payments. The net increase in income tax revenue can be calculated as tax paid by the three employed individuals minus tax paid by the three unemployed individuals, as shown below:

[(\$2,850 + ((\$31,000 - \$25,000) x 0.3)) x three employees]
– [((\$19,266 - \$6,000) x 0.15) x two employees)
+ ((\$10,675.60 - \$6,000) x 0.15)]

Tax credits

As an incentive for taking up new employees, it was assumed in this model that the business receives tax credit from the Commonwealth Government of 75% of the total wage bill for the three new employees in the first year, decreasing each year until there is zero credit in the sixth year of employment. The tax credit for each of the first five years of employment is provided in Table 3.

Table 3: Tax credit per year of employment.

Year	Tax Credit
1	$31,000 x 3 x 75% = $69,750
2	$31,000 x 3 x 60% = $55,800
3	$31,000 x 3 x 45% = $41,850
4	$31,000 x 3 x 30% = $27,900
5	$31,000 x 3 x 15% = $13,950

The tax credit is not paid to the business but is deducted from gross profit and therefore reduces company tax paid. Specifically, gross profit is reduced by the value of the new employees' wages (as would usually occur) plus the tax credit (which is the enterprise zone incentive). The value of the tax credit each year is shown in Table 4, where the tax credit deduction is equal to *tax credit x company tax rate (0.3)*.

Table 4: Net value of the tax credit to the business.

Year	Non-Enterprise Zone Company Tax ($)	Tax Credit Deduction ($)	Adjusted Company Tax ($)
1	78,649	20,925	57,724
2	99,229	16,740	82,489
3	99,229	12,555	86,674
4	99,229	8,370	90,859
5	99,229	4,185	95,044

Company tax

The addition of three new employees was expected to increase profit to the business, therefore company tax revenue to the Commonwealth Government can also be expected to increase. However, as referred to above, the increase in company tax is offset by the tax credit and is therefore calculated as: *30% of (gross profit minus tax credit)*, as shown in Table 5.

Table 5: Calculation of company tax (with tax credit).

Year	Gross Profit ($)	Tax Credit ($)	Adjusted Gross Profit ($)	Company Tax ($)
1	262,164	69,750	192,414	57,724
2	330,764	55,800	274,964	82,489
3	330,764	41,850	288,914	86,674
4	330,764	27,900	302,864	90,859
5	330,764	13,950	316,814	95,044

Compared to company tax revenue prior to the employment of the three additional individuals, the Government could be expected to lose around $14,696 (due to the tax credit given) in the first year and then gain $10,096 in the second year, with further increases in subsequent years as a result of increased profit.

GST

The model assumed two types of increased expenditure that would result in increased GST revenue to the Commonwealth Government. These are increased household expenditure as a result of increased earnings and increased sales by the firm.

Annual household expenditure was estimated using the Australian Bureau of Statistics (ABS) 1998–99 Household Expenditure Survey (ABS 2000), inflated to the September quarter 2005 using the Consumer Price Index (ABS 2005). Table 6 outlines estimated GST revenue based on household expenditure from the Newstart Allowance and earned income.

Table 6: Household expenditure and GST revenue.

Expenditure[a]	Newstart Allowance ($)	Earned Income ($)
Annual Goods and Services Expenditure	22,509	44,260
Fresh Food and Medical Expenses[b]	2,589	4,525
Total Expenditure (including GST)	19,920	39,735
GST	1,811	3,612

[a] Expenditure by individuals on Newstart Allowance based on New South Wales average household expenditure for the lowest income quintile. Expenditure by employed persons based on the New South Wales average household expenditure for the third income quintile.

[b] These household expenditure items are GST exempt. Fresh food is assumed to be one-third of total food expenditure.

Assuming equal expenditure for each of the employees, the Government could expect an increase in GST revenue of $5,403 as a result of increased household expenditure.

Sales by the firm were assumed to increase by 10% of initial sales revenue in the first year of employment and a further 5% in the second year of employment, to a total increase in sales of 15%. Table 7 outlines sales for the first five years of employment and the GST collected by the business to be paid to the Government.

The Government could expect an increase of $26,000 in GST revenue in the first year and a further $13,000 in the second year due to increased GST revenue from sales.

Table 7: Sales revenue and GST collected.

Year	Sales[a] ($)	GST ($)
1	2,860,000	286,000
2	2,990,000	299,000
3	2,990,000	299,000
4	2,990,000	299,000
5	2,990,000	299,000

[a] Sales are net of GST.

Job network training

The Commonwealth Government pays $2,000 per registered client to Job Network providers to provide training and services to the long-term unemployed. Upon finding employment for the long-term unemployed, the Government also pays the Job Network provider between $240 and $8,000 depending on the individuals classification and time spent out of work. For the purpose of this model, it was assumed that the placement payment to the Job Network provider would be $1,000. In total, the Government was expected to save $4,000 (training fee for two long-term unemployed), but to pay the $2,000 placement fee (for the two people) to the Job Network provider.

Local government administration fee

It was proposed that the enterprise zone model would be administered under local government, hence a once-off payment of $10,000 in the first year be paid to local government for their role in the scheme.

The Effect of Enterprise Zones

The effect of the enterprise zone on the hypothetical firm and on the Commonwealth Government, is shown in Tables 8 and 9 respectively.

Conclusion

The general rationale for enterprise zones is to promote employment growth and to increase business investment. Specifically, enterprise zones can:

- promote long-term sustainability
- alleviate economic and social disadvantage
- address the structural and long-term development problems of a region
- provide social opportunities such as a good quality education and employment for disadvantaged individuals
- generate a stronger partnership with government to promote economic development.

The Cowra model illustrated the benefits for business and the Commonwealth Government that can arise from the implementation of an enterprise zone. Where unemployed people are able to gain employment, the business benefits from improved productivity and the Government is able to both reduce expenditure and increase revenues.

The benefits of an enterprise zone to business result from increased output and tax credits, which essentially increase the profitability of the business. The enterprise zone reduces the risk to the business of employing additional workers and can ensure that profitability is not threatened in the first critical years of employment where the productivity of workers may not be at its peak. The model has shown that, compared to the base case, the business can improve profitability by up to 21% in the first year and up to 38% in the first six years of employment.

The Government is also able to benefit from the enterprise zone. The benefits of an enterprise zone to the Government result from a reduction in unemployment benefits paid and increased revenue generated (income tax, GST and company tax). The model illustrated that, despite giving a tax credit to business, increased revenue more than outweighs this cost. Compared to the base case, the Government can improve their balance by up to 19% in the first year and up to 31% in the first six years.

Aside from the economic impact of an enterprise zone, the largest impact would undoubtedly be felt by the community through the intangible social benefits and flow-on economic benefits that are associated with a person moving from welfare to work. Particularly, a reduction in economic and social disadvantage within a community could also reduce policing, justice, health, medical, public housing and other welfare costs. In addition an enterprise zone model has the capacity to help those who are unemployed become more fulfilled, productive and successful Australians.

Table 8: Enterprise zone (EZ) impact: business perspective.[a]

	Base Case ($)	Employ 3 Additional People without EZ ($)	Employ 3 Additional People with EZ Year 1 ($)	Year 2 ($)	Year 3 ($)	Year 4 ($)	Year 5 ($)	Year 6 ($)
Sales	2,600,000	2,860,000	2,860,000	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Costs:								
Wages	900,000	993,000	993,000	993,000	993,000	993,000	993,000	993,000
Superannuation	72,000	80,370	80,370	80,370	80,370	80,370	80,370	80,370
Payroll tax	18,600	24,366	24,366	24,366	24,366	24,366	24,366	24,366
Workers Compensation Insurance	90,000	99,300	99,300	99,300	99,300	99,300	99,300	99,300
Other Variable Costs[b]	1,228,000	1,350,800	1,350,800	1,412,200	1,412,200	1,412,200	1,412,200	1,412,200
Fixed Costs[c]	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Gross Profit	241,400	262,164	262,164	330,764	330,764	330,764	330,764	330,764
Tax Credit			69,750	55,800	41,850	27,900	13,950	
Adjusted Gross Profit			192,414	274,964	288,914	302,864	316,814	330,764
Company Tax	72,420	78,649	57,724	82,489	86,674	90,859	95,044	99,229
Net Profit	168,980	183,515	204,440	248,275	244,090	239,905	235,720	231,535
Difference (compared to base case)		**14,535**	**35,460**	**79,295**	**75,110**	**70,925**	**66,740**	**62,555**

[a] Employing three additional workers without the enterprise zone will improve net profit each year and in Year 6 will be identical to the enterprise zone case as shown in the far right hand column of the table. However, the tax credit has reduced the risk to the business in the first few critical years of the employment expansion and thereby increases the chance that the business will actually employ the additional workers.

[b] 'Other variable costs' include inputs, freight, advertising, bank charges, computer operations, electricity, insurance, interest, packaging and repairs.

[c] 'Fixed costs' include accountancy fees, rent and telephone services.

Table 9: Enterprise zone (EZ) impact: Commonwealth Government perspective.

	Base Case ($)	Employ 3 Additional People without EZ ($)	Employ 3 Additional People with EZ Year 1 ($)	Year 2 ($)	Year 3 ($)	Year 4 ($)	Year 5 ($)	Year 6 ($)
Payments:								
Centrelink	49,208							
Job Network	4,000							
Provider benefit		2,000	2,000					
Local government admin fee			10,000					
Total	**53,208**	**2,000**	**12,000**					
Receipts:								
Income tax	30,681.14	44,631	44,631	44,631	44,631	44,631	44,631	44,631
Company tax	72,420	78,649	57,724	82,489	86,674	90,859	95,044	99,229
GST (household expenditure)	77,679	83,083	83,083	83,083	83,083	83,083	83,083	83,083
GST (sales)	260,000	286,000	286,000	299,000	299,000	299,000	299,000	299,000
Total	**440,780**	**492,363**	**471,438**	**509,203**	**513,388**	**517,573**	**521,758**	**525,943**
Balance	387,572	490,363	459,438	509,203	513,388	517,573	521,758	525,943
Difference (compared to base case)		**102,791**	**71,866**	**121,631**	**125,816**	**130,001**	**134,186**	**138,371**

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About the Authors

Tom Murphy is currently Chief Executive Officer of the Western Research Institute. He has previously worked in the public and private sectors including positions as Economic Analyst with the Office of National Assessments and Senior Consultant with KPMG Peat Marwick Management Consultants. Tom holds a Bachelor of Economics (Hons1) and a Masters of Science in economics.

Luciana Mazzotti is Research Manager of the Western Research Institute and specifically leads the Intitiute's complex economic modelling consulting. She holds a Bachelor of Business (Hons1) in marketing and advertising and has a keen interest in these industries.

Graham Apthorpe is the Manager of Strategy and Growth with Cowra Shire Council. He is the leader of the Enterprise Zones Working Party for the Local Government and Shires Associations of NSW and represented the Australian Local Government Association during the Commonwealth Government's Regional Business Development Analysis. In 2003 he was invited by the US State Department under its International Visitor Leadership Program to pursue further research into enterprise zones. He holds an Associate Diploma and a Graduate Diploma in Local Government Management and a Masters of Business Administration.