

## **INQUIRY INTO ZONAL TAXATION**

**Organisation:** The Eversons Group  
**Name:** Ms Kerri Riddington  
**Position:** Human Resources Manager  
**Date Received:** 22 February 2018

**Macleay River Meats Pty Ltd trading as  
EVERSON'S FOOD PROCESSORS**

**ABN: 24 070 149 923**



**Legislative Assembly Committee  
on Investment, Industry and  
Regional Development  
Inquiry Into Zonal Taxation  
Parliament House  
Macquarie St  
Sydney  
NSW 2000**

**22 February 2018**

**Dear Committee Members**

**Inquiry Into Zonal Taxation Interim Report  
Submission**

Thank you for the opportunity to make a submission to the above Inquiry.

**Background**

The Everson's Group (EG) of companies comprises:

- Macleay River Meats Pty Ltd T/A Eversons Food Processors,
- Eversons Management Services Pty Ltd,
- Macleay River Production Pty Ltd,
- Macleay River Distribution Pty Ltd
- Macleay River Protein Pty Ltd.

The EG welcomes the Inquiry and appreciates the complexities in Zonal Taxation however reform is urgently needed so that we can remain viable, grow our business and contribute to the economy of Regional NSW.

We are a Multi Species Domestic Abattoir servicing a wide range of customers throughout Sydney, Central Coast, Newcastle Hunter Regions, Western and New England Regions and also the Gold Coast and Brisbane in QLD.



The EG is owned and managed by the Everson family and has been for 35 years. We are situated in Frederickton near Kempsey on the beautiful mid north coast of NSW.

The Group employs 200 people and is the largest private employer in our region. You may be aware that our region has one of the highest unemployment rates in NSW with attendant socio-economic issues.

We have received business Awards for Employer of Choice, NESA Finalist Champion Employer and have been leaders in Regional Indigenous Employment Programs.

### **Payroll Tax Issues**

The EG strongly supports an harmonious policy approach to Pay Roll Tax (PRT) across Australia. Reading the Interim Report, it is obvious that a majority of States have more favourable PRT rates for businesses.

In our view PRT is a tax on employment and a brake on investment especially in Regional NSW.

As stated by the NSW Farmers in their Submission "PRT is a tax on productivity and growth and a disincentive to creating new jobs"

### **Competition and Parity (or better) with other Australian States.**

The 2012 Committee recommended that NSW has a "long term goal of setting tax rates that are equal to or more competitive than other states in order to maintain the competitiveness of NSW businesses and attract enterprise to the state."

It is interesting to note that 6 years later there has been no progress to date on PRT reform. It is more interesting to note that, at the date of writing, the Premier of NSW is in the United States with the Prime Minister and Trade delegations to declare that "NSW is open for business"

Further to the above, we have major abattoir competitors in Victoria who are situated in regional areas in that State.

- From 1 July 2017, the new progressive Victorian PRT rates clearly delineate the geographic distinction between Metropolitan and Regional Areas and this approach could be replicated in NSW.
- The new Victorian PRT rates have been reduced from 4.85% (Metro areas) to 3.65% for businesses in regional areas who pay 85% of taxable wages in Victoria with a threshold \$625,000 (1 July 2017) increasing to \$650,000 from 1 July 2018.




- This is a 33% PRT reduction compared with current NSW PRT rates and is a significant financial advantage to our competitors in regional areas.
- We also have competitors in other states and a review of PRT rates reveals more competitive disadvantages for our business and other business in NSW. For example:
  - South Australia 4.95% threshold \$1.5m
  - Queensland 4.75% threshold \$1.1m
  - Western Australia 5.5% threshold \$850000.

### **Suggestions for the Committee's Consideration**

1. The NSW Government clearly defines Regional and Metropolitan areas for the purposes of Zonal Taxation in line with the Victorian government's definition.
2. PRT be reduced to at least the Victorian rate of 3.65% for Regional NSW businesses. If our PRT could be reduced by 33%, at least in line with our competitors' PRT in Victoria, we could employ another 5 - 8 people. This would be a significant contribution and boost to our regional economy with flow on effects to our community, customers and suppliers.
3. Reduction in PRT for Regional areas would encourage new industries to move to or set up in regional areas where unemployment is most significant
4. While the following are Federal Government issues there is an obvious flow on effect for NSW. The reduction in PRT would be offset by increased personal income tax contributions and GST revenues and furthermore it would reduce social security benefits and associated Employment Services Providers.
5. The NSW Government could develop and implement a Program to support limited or periodic taxation relief for Regional Business to expand and increase capital expenditure including plant and equipment upgrades or to efficiently restructure. For example: the NSW Government deferred PRT to assist a restructure of Blue Scope Steel (NSW Business Chamber Submission 3 June 2016). This could be extended to NSW businesses.

Thank you very much again for considering our submission, if you would like further information or clarification please do not hesitate to contact me.

  
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 Human Resources and  
 EPA Manager