

INQUIRY INTO ZONAL TAXATION

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Inquiry into Zonal Taxation

- **Possible new approaches to payroll tax for regional NSW, including views on payroll tax concessions for NSW businesses that are based outside metropolitan areas;**

The Tweed Shire is located on the New South Wales/Queensland border. New South Wales payroll tax, at 5.45% is 0.71% higher than the Queensland levy, at 4.74%. This inequity represents a competitive disadvantage that is an issue regularly highlighted by many of our larger businesses. It is also a disincentive to prospective businesses looking at relocation to the Tweed.

In March/April 2017, the South Murwillumbah industrial area sustained substantial flood damage and many of the Shire's largest employers were not only faced with huge financial losses and clean-up costs, but also had to pay their payroll tax in that same period. Submissions were made to various NSW Government Departments advocating for the reduction or suspension of payroll tax for businesses impacted by natural disaster. This is an approach that would have been welcomed to assist those businesses most affected. While a grant of up to \$25,000 was made available, this money was used to replace office furniture and the like which was washed away in the flood waters. More flexibility and a business friendly approach is needed when cash flow crises like this arise.

At this time, several of these business owners spoke of their option to relocate to Queensland, out of flood prone land and to enjoy smaller payroll tax rates.

- **Possible stamp duty concessions for regional commercial properties;**

A concession on stamp duty for regional commercial properties would be welcomed by Tweed Shire Council and Tweed commercial property investors alike.

As with lower payroll tax obligations, lower stamp duty would also encourage business to remain on the New South Wales side of the border.

Tweed Heads (NSW) and Coolangatta (QLD) often referred to as Twin Towns, sit side by side, Coolangatta is also known as the Gold Coast's second city. The Gold Coast City Master Plan seeks to extend and grow the Coolangatta CBD and there is a risk that commercial enterprises will relocate or build on the Queensland side of the border. Stamp Duty concessions would enable investment and development of the Tweed CBD which would support the NSW Government's North Coast Strategy which identifies Tweed as a regional city. Introducing stamp duty concessions to achieve parity for investors in New South Wales would encourage them to look more closely at creating jobs and growth in the Tweed rather than in the adjoining city of Coolangatta, Queensland.

The power of proximity is a double edge sword. With a current population of more than 570,000, being a neighbouring shire to the Gold Coast can be great for businesses that are established and happy to stay in the Tweed. However, the lure of lower operating costs will always be there for businesses while ever the New South Wales taxation levies are not as competitive and business friendly as those in Queensland.