

ZONAL TAXATION

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Legislative Assembly: Committee on Investment, Industry and Regional Development

Parliament of New South Wales

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The Lake Macquarie Economic Development Company Limited (t/a Dantia) response to NSW Parliamentary Inquiry into zonal taxation

Any enquiry into zonal taxation represents a step forward in understanding the inherent inequity experienced across the region and identifying mechanisms and actions that will stimulate the greatest level of economic activity and deliver significant improvements in both growth and enduring productivity.

ISSUE 1

There are more than 13,000 businesses operating in the Lake Macquarie City LGA, of these fewer than 5% sit within the band immediately below the patrol tax threshold. While the prospect of exceeding the threshold may act as a deterrent in some instances, many businesses use alternative methods (outsourced services such as ICT, or contactor workforce) to minimise taxation impediments to growth. From current observed practice it would appear simply changing the threshold would only create another arbitrary barrier to growth and impact only relatively few businesses. An approach impacting a greater range of businesses would warrant further consideration.

ISSUE 2

Detailed investigation into the VIC approach should be undertaken with a view to improvement, not replication. Applying the tax from a lower threshold to capture a boarder range of businesses, but at a lower rate to provide bottom line relief to a greater proportion of businesses and allow tax saving to be re-invested to revenue growth opportunities, employee growth, or event wage growth to attract talent.

ISSUE 3

Targeting only some geographic areas would appear counter productive and serve only to stimulate growth in that area, not “outside” the established metro geographies. The viability of an approach making just one delineation (metro/regional) as seen in VIC would be fully

supported by Lake Macquarie City LGA. The result of such an approach would allow those areas classified as regional to market and promote their own unique competitive advantages, supporting the emergence of organics geographic clusters based on regional strengths and capabilities, rather than “legislative” clusters that may be unsustainable.

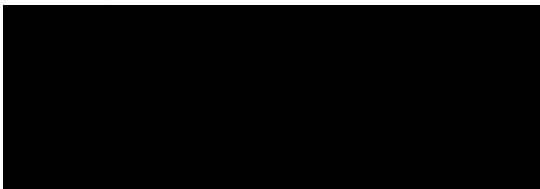
ISSUE 4

The administrative burden would not be dissimilar to that of offering salary sacrifice, or managing depreciation schedules across various asset classes. This should not be seen as an impediment to growth.

ISSUE 5

Markey liquidity is a key determining factor affecting commercial/industrial in-fill and both domestic and international business migration. As recently as January 2018 an international brewing company (BrewDog) from Scotland elected to establish Australian operations in Brisbane QLD rather than regional NSW (Lake Macquarie). Despite the huge operational advantages offered by the geographic location and proximity to Sydney, the cost of establishing their commercial operations in NSW could not be mitigated to an acceptable level through the existing incentive packages. A more compelling incentive package across payroll tax, stamp duty, and fuel excise able to be offered direct from the LGA level would likely have been sufficient to sway their decision in favor of regional NSW.

Yours sincerely,



Derrek Lush
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Dantia – Prosperity in Abundance