

**Supplementary
Submission
No 4a**

ZONAL TAXATION

Organisation: Orana Regional Organisation of Councils
Name: Councillor Doug Batten
Position: Chair
Date Received: 2 March 2018

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2nd March 2018

Mr Michael Johnson
Chair
Committee on Investment, Industry and Regional Development
NSW Parliament House
Macquarie Street
SYDNEY NSW 2000

Via email: investmentindustry@parliament.nsw.gov.au

Dear Mr Johnson

Inquiry into Zonal Taxation – further submission

The Orana Regional Organisation of Councils (OROC) wishes to thank the NSW Legislative Assembly, Committee on Investment, Industry and Regional Development for the opportunity to submit further information in respect to the Inquiry into Zonal Taxation.

As outlined in OROC's initial submission to the Committee, the establishment of taxation zones or economic zones in rural and regional areas is supported by this region, particularly in the more remote and disadvantaged areas of the OROC region.

The findings of the Coonamble Tent Summit held in 2003, indicated that economic zones would assist in promoting employment growth in rural areas that have long suffered from climatic variances, declining populations, changing socio-economic needs and reduced economic opportunities.

Tax incentives such as an increase in the payroll tax free threshold for rural based businesses would act as a catalyst to re-industrialise rural NSW and provide the required job opportunities to keep young families from migrating out of rural and regional areas.

Tax incentives that help return industry to rural NSW have the ability to reduce the welfare burden on the federal government and to a lesser extent state government, and decrease infrastructure pressure on the Sydney basin.

Proposed taxation concessions that would be of particular benefit to this region (but not limited to) include the following:

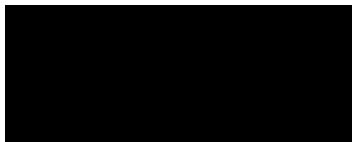
- An increase in the payroll tax threshold for rural based businesses, to encourage the relocation of larger business from the Sydney Basin to the bush;
- Reduced stamp duty for property purchases within the economic zone that could be combined with the reinstatement of the Regional Relocation Grant or Skilled Regional Relocation Incentive to further encourage young families to relocate;
- Subsidies or exemptions from state taxes to compensate local businesses for the extra costs associated with the tyranny of distance from major markets, and higher utility and transport charges;
- Further decentralisation of state government departments to regional areas to service businesses that have relocated to rural centres and smaller towns, and provide job opportunities and increased population density needed to make economic zones viable.

OROC recognises that there is a need to restore confidence in communities that will offer a generational change to education and employment; this is considered to be vital in addressing many of the region's social and economic issues.

OROC strongly supports any opportunity for positive employment growth and business investment in the region and recognise that there have been significant studies and research undertaken by the Barwon Darling Alliance and OROC encourages the Committee to consider this work during the inquiry process.

I look forward to discussing this further with you should the opportunity arise.

Yours sincerely



Clr Doug Batten
Chair
Orana Regional Organisation of Councils (OROC)