

**Submission  
No 2**

## **INQUIRY INTO ZONAL TAXATION**

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**Submissions to a parliamentary inquiry into zonal taxation across NSW.**

Committee Members,

You have called for submissions into a zonal taxation inquiry in regional and rural NSW; I would like to submit the following.

Currently in regional New South Wales towns with populations under 5000 are experiencing a continual decline in our population bases. This is making business growth, business development and business investment declining at an unsustainable rate.

The following factors are directly related to the population declines and the unsustainability of medium to large businesses in these areas.

Excessive cost of fuel- up to a 20c per litre difference from metropolitan areas to rural areas.

Increased cost of food.

Lack of medical services such as doctors and dentists.

Declining investment in our rural hospitals from State and Federal Governments.

Increased pressure on Local Councils to become financially self-sufficient in Rural Areas.

Withdrawal of services in regional and rural areas such as planes, buses and trains.

Withdrawal of assistance funding for local councils to maintain road infrastructure which is now being used instead of the defunct rail system. This is a cost shift from State owned rail infrastructure to rural councils for road maintenance and upkeep.

The Communication black spots and lack of internet speed and band width to rural areas, removing the chances of any business development and employment opportunities.

The NBN broken promise to rural Australia.

Taxation in rural NSW, specifically GST has become an unfair tariff to rural Australians, due to the increased pricing of food, fuel and utilities, the rural sector is penalised by paying more GST than their Metropolitan cousins.

Add this additional levy to a reduced income sector, where rural employees earn less than in the Metropolitan areas, results in a population decline. No young workers, no future for the struggling business sector, no growth in population, removal of transport (Trains, Buses & Planes) equals the death of rural business and towns.

I believe that we are at the cusp of the point of no return. The booming industries in the rural sector are unemployment offices. These offices are trying to find jobs in towns where there is no work unless a mining institution sets up.

It appears the Government has systematically eliminated any potential for business growth or development in the rural sector. I do not believe that this has been an intentional act, but one of omission and neglect. The noisiest wheel gets the most grease and the numbers in the metropolitan areas far outnumber the bush.

The consistent attempts to satisfy the unsustainable growth in Newcastle, Wollongong and especially Sydney has consumed more resources than the State Government can afford. These resources have been removed from the lower populated areas in the rural sector.

The elimination and shutting down of timber industries in forestry areas.

The removal of heavy transport (trains) from the farming district.

The cost shifting from State Government to Local Government for road maintenance from closing heavy transport options.

The increased number of Government funded unemployment organisations.

Our Government has a decentralisation Policy that is both ineffectual and ignored.

We have established refugee detention centres that are paid for by the tax payer where these immigrants could be integrated and housed in rural communities, avoiding the collectives that are popping up in our major centres and huge differences in social understanding.

To look at Taxation reform alone in Rural Australia and New South Wales would require a decisive plan to repair the damage that has already been done.

Our farming communities that feed us require more than just drought assistance, they need to be protected and supported. Foreign governments are buying up large farming facilities in our country to ensure they have a food supply as the world's population tops 7 Billion in 2012.

The human being requires food, water and shelter, these are basic human rights for even a third world country. A first world country offers employment, welfare, hospital and medical, police and transparent governance. We appear to have forgotten that.

The removal of production facilities in this country has been the greatest undermining of a countries economy that any Government has ever achieved. The short term gains in purchasing overseas cheap labour have seen the growth of third world countries at the direct expense of our own. We have not only lost the jobs and independence of manufacturing but also the intellectual property from the thousands of professional employees that have either left the country or left the commercial sector. This will take decades to re-establish.

We are drawing from a diminishing resource; our taxation revenue is derived from employment and economic growth, both of which are deteriorating.

Zonal Taxation reform will require a push for economic growth in the rural sector. This will require significant funding to undo the damage that has been eroding this sector for the past 2 decades. We need to stimulate growth in the rural economies which will only come about from the elimination of taxation, or tax free areas. This will force industry and its employees to move to rural areas, decentralising Sydney and its other metropolitan areas. This will reduce the overcrowding in the cities and increase the business sectors in rural New South Wales.

Fuel prices will need to be regulated so that cost variances would only be 3% across the state, ensuring price gouging does not occur. Whether this is by way of subsidy from the cities or tax reform makes no difference, but the inequity of pricing would be stabilised and rural travel would become more affordable.

Tax free zones would have to be legislated to remain in place for a minimum of 15 years before looking at reintroduction at a reduced or subsidised rate of 50% of metropolitan areas. This will ensure infrastructure would be built and paid for before the levy or threshold was lifted, giving business enough time to pay for the set up costs and infrastructure requirements.

The big question is how to fund it?

Rural towns have an average unemployment rate of 15 – 20%. These unemployed would be employed and off the governments books giving way to reduced unemployment payments and subsidies.

If you want something to grow, you fund it. If you want something to shrink, you tax it. The Australian and State economies are stagnant; we have no growth and reduced employment potentials. We are basically on the last notch of our belts with nowhere else to go. The government currently employs nearly 40% of Australian workers, this is unsustainable.

I trust this insight assists you.

Sincerely

Victor Schmidt  
Warrumbungle Shire Councillor  
General Manager Brains Automotive

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