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Sent: Tuesday, 18 May 2004 12:56 AM
To: Economics, Committee (SEN)
Subject: Zonal Taxation

The Secretary
Economics References Committee
Department of the Senate
Suite SG.64
Parliament House
Canberra ACT 2600

Dear Sir or Madam:

I would like to make this submission on behalf of the ideal of decentralisation of people, wealth and opportunity. The country with the ever-increasing attraction of people to the already crowded and over stretched resources of the major capitals has to make a definitive statement that the opportunity now has to be in new areas.

Zonal taxation is a policy that is revenue neutral and low cost to instigate. Its simple premise is this. If an area is depressed, remote but holds potential then little is lost by capping tax at a rate slightly above the median rate that is already generated by the area. An individual has to live and earn the money in the zone to benefit. If nothing grows nothing is lost, if something grows then the reduction in social security and new tax revenue from new businesses makes the effect of the public coffers positive.

As an example I will use the Paroo Shire centered on Cunnamulla. The Paroo shire holds approximately 3000 people with a large drain on Social Security. The areas remoteness means that business cannot just move up the road to it from an already established market. If tax was capped at say 15% for 21 years then there becomes a great motivation for new start up business to move there. The cost disincentive of the remoteness would be offset by the greater after tax profit.

The nature of the person who would have the motivation to make the move would itself be a bonus to the area. The opportunity of a growing population itself raises new opportunities for citizen to participate in the wealth that in larger cities is dominated by larger corporations. For Instance an independent retailer will profit well in a town of 5000 people but will struggle in a larger center when competing against Coles or Woolworths. The benefit therefore is the prosperity of retailing wealth is spread more widely across the community.

The Poverty By Postcodes paper by the Social Justice Commission would give a good indication where to start. It cannot be that using the Paroo Shire

as a test case would send the nation into an economic spin but it would be at least taken as a real and tangible step to making a real difference. The policy is revenue neutral, non discriminatory, and visionary. The benefit would be for those who live there currently and those who wish to make the move.

The alternative is more public infrastructure to replace more public infrastructure to replace more public infrastructure in our major cities with no end in sight because there is no reason to live elsewhere and you cannot fence the people out. The result is that billions of dollars is spent on citizens in one corner of the country while virtually nothing is spent on the remoter area. Take the worth of the public infrastructure you drive on every day as an example.

As the GST is static and the prices are higher in the country there currently is a tax disincentive to move to remote areas, so why would you currently start a new business there.

The common goal should be to develop the whole nation. As a country we would look slightly ludicrous if the only town we had was Sydney after nearly 40,000 years. The last 100 years has not seen the development of any new major centers however and the result is the ever-increasing congestion of major cities in the most sparsely inhabited continent on earth.

A new center means a new paper, a new garbage contractor, a new retail store, and a new reason for new people to think and venture in their economics and participate in the wealth of our nation. The wealth of the USA does not all come from New York. Every area contributed something new and added to the combined strength of the US economy.

Where is our vision to develop our nation in its entirety and spread the wealth more evenly around it? This is such a low cost concept to at least trial. So find an area such as the Paroo Shire, cap the tax rate for the people who live and work there on their individual tax return at a rate which would make you consider living there, then see for the next 21 years what grows. If it works duplicate it, if it does not then the area never generated much tax revenue in any case so you have not lost anything.

I do not know how this stacks up as a submission but it is my small contribution.

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