

Re: 2019 – 2020 Pre Budget Submission

The Mackay Region Chamber of Commerce (MRCC) was established in 1887 as an advocate for local businesses. Today, we represent over 10,000 organisations across every industry in our region, from the ‘one-man band’ to national organisations.

The MRCC recognises that an effective and efficient federal budget is vital to the future prosperity of the Mackay region, and subsequently the state.

The Mackay Region has a population of over 110,000 – and rising. The region is well known for its proximity to the Bowen basin and the world class Mining Equipment and Services sector that resides in the city. The benefits of the mining sector, coupled with a resurgence in agribusiness and tourism, creates a regional business community that has a positive outlook, is resilient and is looking for well-directed support from the federal government.

The MRCC kindly offers the following comments as points for the inquiry to consider when determining outcomes and formulating responses.

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Taxation

Tax - Make it simple.

There is little value in compounding taxpayers' costs of compliance. The time, money and mental anguish does nothing to improve business confidence nor the region's economic prosperity. Most considered opinion supports the idea that simplifying the tax system will improve the business community's effectiveness. Second to this, simpler tax provisions are more likely to be used. Making taxes simpler will always improve compliance by reducing inadvertent non-payment of taxes.

Regional businesses are far better placed to decide how best to invest their own money than governments. The region will be far stronger and more responsive to changes in preferences and circumstances when taxation and regulation are as low and as efficient as possible. Methods of streamlining the taxation system are typically reducing tax brackets, rationalising the number of tax offsets, rebates and deductions, as well as standardisation.

Lower Business tax thresholds to enable growth.

The MRCC welcomes lower taxes and lifting the turnover thresholds that enable companies to apply the lower tax rate. The MRCC cautions against penalising larger companies based on turnover, as these companies most often 'feed' the smaller companies.

Accelerated depreciation, instant asset write-off initiatives positively support growth, and should be extended where possible. When business owners re-invest in their business – everyone wins. Economic activity enhances, jobs are created, and technology is employed. The cost of this, to the federal government, is only one of timing.

Growth can also be achieved in removing the taxes and tariffs applying to new car imports, saving Australian motor vehicle purchasers over \$1 billion a year – this is a simple exercise and one that would allow businesses to invest in the newest and best equipment at minimal cost.

Reduce Debt and return to Surplus

The MRCC recognises that the people responsible for paying down the current level of national debt are the combination of ourselves on an individual basis, and our businesses. As such the idea that the government would allow successive budget deficits, culminating to a point that we could not possibly pay it back – leading to intergenerational debt, is not acceptable.

In short, the MRCC would like the budget to be allocated wisely, be minimalist in size, scope and waste.

Invest in Productive Regional Infrastructure

Businesses throughout the Mackay region expect our government to spend our funds wisely. The MRCC suggests the following items as productive pieces of regional infrastructure

Water

Whilst not physically located in the Mackay region, the successful development of the Urannah Dam scheme would bring benefits to a variety of regions, across a variety of sectors.

The dam has not been successful to date, though most studies fail to access the full nature of the potential for the regions. Of the business cases observed only the potential to open 28,000 hectares of agricultural area is taken into consideration. Both horizontal and vertical integration of the water scheme is not recognised.

Potential benefits of the scheme are as follows:

- The increase in agricultural productivity will enable the region to finally achieve the economies of scale to develop second tier activities such as processing plants. Achievement of these second tier industries lead to the demand for third tier actives – such as logistics, services, restaurants, education and so on.
- The scheme has the possibly of supplying Hydro power
- The scheme could also support the water requirements of the mining activities in the area – taking pressure off existing infrastructure.
- Drought and flood protection (Linking to the water grid)

It has been reported that due to its geographic position, the Urannah Dam scheme is far superior to any other option proposed for the Mackay, Isaac and Whitsunday region.

Transportation

- Completion of **all** stages of the ring road.
- Investment in an international airport (Whitsunday or other), allowing local goods to get to overseas markets. Our primary producers have world class produce, and enabling the export of these goods quickly will deliver benefits to all areas of the region's economy.
- Partnering with NQBP to facilitate cruise ship arrivals, and Naval vessels from all countries (in particular the U.S.A) at the Mackay Port.

Energy

- Production and delivery of affordable and reliable energy including electric grids.

Safety & Resilience

- Institutions and systems that allow our region to endure stresses such as a cyclones. For example, cyclone shelters, adequate fuel reserves and a resilient source of local food.
- Flood proofing the Bruce Highway would significantly enhance resilience by reducing risk.

Technology

- Mackay was one of the early rollout regions to receive NBN – this ensured the region has been on the front foot to handle technological developments thus far. Though as all industries (not just mining) move to machine automation. Major investment will be required to ensure digital workforces of the future are not located in Brisbane/Sydney/Perth or overseas. The Mackay business community expects that it will not be left behind as society moves to digital workforces, and that the relevant information gathering/audit activities required to ensure this are funded and executed.

Workforce

Access to labour remains a constant “limiter” in the region. This lingering problem acts as a “regional suppression agent” restricting trade in every faucet of society, from the well-known areas of mining, to jobs that are just as important – such as local delivery drivers and restaurant staff.

Truth be known, this problem needs a multi-pronged approach including better skills training, better regional marketing in high employment areas, and finally opening up access to overseas employment.

Though all of these are a result of an ill informed and poor addressed notion of “Brisbane is better”. The region is instantly handicapped when it’s young people relocate to Brisbane on the belief that it’s the only way to be successful (remembering success takes many forms). The MRCC wants to address this problem at the source – though is limited by resources. The chamber would like to start “**Project Homegrown**”. This would be a positive and active campaign whereby young, successful, locally renowned people address our Grade 11 and 12 young adults “face to face”.

An example of this would be a prominent local business owner, a young and upcoming tradie, and a dedicated professional would attend a local school and explain why they have chosen Mackay as their home, how they are making it work, and the opportunities in the region.

The project would also act as a local mentoring program, and in addition to getting prominent local people in front of young adults, it would also provide an avenue for secondary contact – should a student wish to speak to someone in particular, the project would facilitate it amongst the chambers 300 members and other connected businesses. Imagine a young student, interested in civil engineering being able to chat and connect with a young 25 year old engineer working in town and being able to discuss what it takes and possible pathways.

This would create a direct link between impressive young people at the time at which they are planning for the future, and those that are successfully on their journey. Initial enquiries indicate that business would happily get on-board, with young successful people already

indicating that they would like to join a “speaker pool”, and that schools are very welcoming of such activities.

Though the MRCC does not have the resources to facilitate such a big project, and asks for assistance in funding the employment of another staff member to get it off the ground. The MRCC believe “Project Homegrown” is a positive, low cost and potentially extremely effective way to make big inroads into dismantling ill-informed and misleading notions of capital city opportunities, and would welcome any opening to discuss it further.

Electricity Prices and Energy Policy

The Mackay region business community demands affordable & reliable energy. The irony of power prices escalating exponentially whilst this region produces some the highest quality (and quantity of) coal in the world is not lost. Our business community sees the electricity generation method as a concern that is secondary to the demands of affordability and reliability.

Small Business Growth and Innovation

Both Green and Red tape strangles business. The effects of excessive tape is very difficult to measure, though any action that deters and restricts economic activity should be kept at a minimum.

Successive governments tend to promise reducing compliance and tape, though little eventually flows down to business. With this in mind, some more novel and measureable actions need to be installed to really enact change. Some solutions that have been previously floated are the “one-in, two-out approach” and an annual Regulation Repeal Day.

In summary

This pre-budget submission contains both a reinforcement of business principles (prudent budgeting, taxation rationalisation and cutting red/green tape) as well as specific and considered requests (reference “Project Homegrown”).

The MRCC recognises that setting the federal budget is complex and arduous activity, filled with competing interests and addressing political realities. Notwithstanding this, MRCC pre-budget submission is drafted with the idea of making Mackay one of the most prosperous and liveable places in the country.

The MRCC committee would appreciate any opportunity to further discuss any abovementioned topic, or for the matter any topic that may affect the Mackay economy.

Regards

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