Creating a more dynamic and resilient economy inquiry

Questionnaire response 70

Name: Australians for Northern Development Economic Vision (“ANDEV”)

Submission date: 30/05/2025

1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

It is inefficient and wasteful for the state to collect the money and then redistribute, with its accompanying massive paperwork. Government handouts or bailouts, actually mean, in the long-run, higher taxes or more government debt to pay for these. This system feeds on itself and like a snowball running downhill automatically gets bigger and bigger.

For more than a decade the burden of government regulation has grown. One only has to look at the explosion in pages of the Corporations Act or Taxation provisions. This is limiting businesses’ ability to use resources efficiently, innovate and grow. The economy relies on and is driven by people working in the private sector. The public sector is dependent on income generated by the private sector. Business investment is the catalyst for economic growth. Investment today drives revenue and standards of living tomorrow. Unlike other countries, Australia has consistently refused to put in place long term policies that attract business investment.

ANDEV calls for Integrated Development Zones (IDZ) /or what overseas are called Special Economic Zones (SEZ) that includes a significantly reduced and efficient regulatory system, less compliance, one-stop shop for all Government approvals, personal and business taxation system that drives growth and a long-term commitment from all levels of Government to the strategic importance of economic development across in particular Northern Australia. SEZs can foster globally competitive industries. Ad hoc policies that don’t include such investment positive policies generally result in ineffective and unproductive outcomes such as in Australia its poor productivity, declining investment, record business failures and declining standards of living.

https://www.andev-project.org/how-special-economic-zones-are-reshaping-the-world-economy/

ANDEV has a vision of a thriving Northern Australia and Australia with more investment, growth, higher revenue, more opportunities, more amenities and higher living standards. But firstly, this needs leadership, to significantly cut regulatory tape and taxes. Australia’s status as a major supplier of goods and services to our Asia-Pacific neighbours is at risk as competition increases from around the world, and our policies make us to be unreliable again. Policies that make Northern Australia and Australia generally more competitive are vital.

The global explosion in SEZs is smart economic development that has left Australia way behind because of Australia’s failure to implement it. More and more, Foreign Direct Investment (FDI) seems to go no further than SE Asia and outflows of capital from

Australia are now exceeding inflows of capital. Australia is uncompetitive. Even sovereign risk from Governments stopping, delaying developments (Regis Gold, Woodside extension of existing NW Shelf operation as examples) that have received State Government approvals and been held up/stopped by Federal Government.
The Federation acts as a hurdle to productivity with its ancient three layers of bureaucracy and government. The way it operates today is inefficient and contributes to Australia's uncompetitiveness. Australia has per capita more bureaucrats than other countries. This is when comparing with countries that have more than 5 million population.

While there are thousands of SEZs around the world, Australia has none. Over the last decade there has been a rapid increase in SEZs, and the total number is estimated at over 8, 000. A World Free Zones Organisation (WFZ) has been established with support from UNCTAD, as SEZs have blossomed in the Middle East and across Asia drawing investments away from Australia.

https://www.andev-project.org/world-free-zones-organization-latest-news-06-05-2025/

There are too many sad stories of technology developed in Australia that has to go overseas to find investments. Australia is surrounded by efficient productive SEZs drawing FDI away from Australia and capital in Australia out of Australia. China's extraordinary economic growth was launched on the back of SEZs in 1978 in Guangdong and China continues to innovate with SEZs that cover all industry sectors. SEZ's have been the catalyst and platform for its exceptional transformation of living standards. China continues to use and adapt SEZs to the stage of development it is in. They started focused on creating manufacturing centres in Shenzhen and now it has been used for developing a financial centre in Shanghai. In NE Jilin province a SEZ called an International Cooperation Zone was set up for local manufacturing and processing industries linked into cooperation with nearby countries like Russia. Based on 2018 UNCTAD data there were an estimated 2,543 SEZs in China.

SEZs were established in many countries as testing grounds for the implementation of liberal market economy principles. While viewed as economic policy tools for enhancing the acceptability and credibility of industrial transformation policies, attracting domestic and foreign investment and also for the opening up of the economy, SEZs also seek to promote the value addition component in exports, generate employment, encourage import substitution as well as mobilise foreign exchange in the countries for Balance of Payments support.

https://www.andev-project.org/an-insight-into-sezs/

For a comprehensive analysis of a SEZ see Johor Singapore SEZ (JS-SEZ) set up in neighbouring Malaysia go to the link below. Here we have Singapore and Malaysia working together to create an area twice the size of Singapore as a SEZ- Lower taxation, fast tracked approvals, one stop shop for investors and committed long term support from Governments. SEZ include enhanced trade, investment and job creation, as well as its potential to develop cutting-edge infrastructure and technology hubs. Included in this JS-SEZ is one of the earliest SEZs in Asia, Iskandar in Malaysia.

While the JS-SEZ promises to create new industries and provide employment across various sectors, Malaysia and Singapore see the JS- SEZ as the cornerstone driver of their future economic development. - 50 new projects over the next 5 years- 3,500 sq kms(twice as big as Singapore) containing 9 flagship zones in 11 targeted sectors across Johor, 20,000 new direct jobs, US$28 Billion boost to Malaysian GDP.

https://www.andev-project.org/johor-singapore-special-economic-zone-what-is-it-will-it-work/
https://www.andev-project.org/world-free-zones-organization-latest-news-06-05-2025/
https://www.andev-project.org/incentives-in-malaysias-special-economic-zones-a-guide-for-businesses/

Another example is Italy.
The economically stagnant south of Italy has started to show early signs of a long-overdue renaissance. Since opening their doors a year ago, the country's eight special economic zones (SEZs) — stretching from Abruzzo in the centre, to Calabria in the south, and across to Sicily and Sardinia — have each built project pipelines of up to €1bn and instigated ambitious plans to modernise local infrastructure. On the face of it, this is attributed to their tax and regulatory benefits, plus EU recovery funds. Another factor in its early success is down to the local SEZ commissioners and their teams, which have been passionately promoting their regions, building relationships and stoking competition among themselves.

https://www.andev-project.org/opinion-rome-is-tempting-fate-with-single-sez-plan/

Another example is Indonesia our closet neighbour which is forecast to be a world top four nation by GDP in the next decade.

Given the nature of Indonesia's archipelagic geography and marine territory, foreign trade and investment is an integral part of the country's economy. According to ASEAN Briefing, the government has homed in on the development of SEZs as a priority policy, with an aim to attract over US$50 billion in foreign investment in the next decade.

https://www.andev-project.org/indonesia-eyes-sez-development-on-quest-for-greater-economic-prosperity/

Philippines has 415 SEZs.

https://www.andev-project.org/special-economic-zones-as-shield/

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

Australia must become competitive in a globalised competitive world. Australia's standard of living relies on trade – we are an open economy in an economic and geopolitical world that doesn't owe us any favours. Our taxation system must encourage private endeavours and entrepreneurship. The private sector must be productive for the living standards to rise and for there to be sufficient funds available for all of the health and defence requirements, police, nurses, veterans, pensioners and emergency services and more.

Taxes are not money that Governments create. Governments obtain it from the endeavours of the risk-taking private sector. The endeavours of the private sector generate demand for all sectors across the economy as evidenced in Australia's Input Output tables. This indirect impact was once called the multiplier effect of private activity. Today this is barely mentioned and certainly it appears to rarely taught in economics curriculums in high schools and universities. The ABS Input Output tables have even stopped reporting multipliers in the Input Output tables for the bizarre reason that they were being misused. So now that concept has been buried. Too little explanation to Australians about how our market based economic system works. Today it's all about how Government will pay us more, with too little consideration, how that money is first to be earnt, if the government also has its foot on the brakes. If productivity is to be improved citizens must know that money doesn't come from a magic pudding. It comes from the endeavours of risk-taking business.
The corporate taxation rate needs to be aligned with the US rate of 21% or at our near neighbour Singapore rate of 17%. Leave as much money in the hands of those people who have earned it for them to choose how they will spend and invest it. This will encourage entrepreneurship, new business formation and productivity leading to rising living standards.
Individual tax rates need to be lowered to encourage entrepreneurship. The indexation of tax rates or simple flat taxation like in some European nations of 20%.

New taxation policies like the soon to be introduced taxing of unrealised gains in superannuation accounts is an example of entrepreneurship being destroyed and continuing the flow of capital out of Australia. Such taxation measures certainly make Australia less competitive with its trading partners.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

The explosion in the number of pages in the various taxation legalisation in Australia is clear evidence of the increasing cost of complying with the taxation laws. The number of qualified accountants required for this task has exploded and this has an impact across the whole operations of a business and acts as a hurdle on making investment decisions. A simple flat rate of taxation that several European countries have used would make a monumental impact on improving Australia's productivity.
Taxes the small and medium companies say must be removed, are payroll tax and licence fees. It would be helpful to reduce inflation, if the government also axed the tax on fuel.

https://www.foreignaffairs.com/world/age-depopulation-surviving-world-gone-gray-nicholas-eberstadt

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

We have never had government so big as we do now in Australia.
On one hand, this growing expense needs more taxpayers and taxpayer revenue to pay for government growth, and yet, on the other hand, bigger government brings in more government red tape, regulations and compliance, making it more and more difficult for businesses.
Industries associated with the resources sector are moving investment overseas as Australian governments make it more difficult and riskier to invest in Australia. For instance, based on publicly available information, Rio, one of the world's greatest mining companies, that has brought, billions and of dollars to Australia, is not looking to Australia for lithium opportunities but outside of Australia including Canada, Argentina and Chile and even investing in Guinea, where civil war and disruption occurs, to pour billions of dollars into opening a new iron ore mine at Simandou, rather than the Pilbara of West Australia, right on the doorstep of the growing Asian markets.

But it isn't just the resources sector. Agricultural development in Northern Australia has long been hamstrung by distant governments who don't understand the particular needs of Northern Australia and the consequence of their policies and excessive regulations.

Governments are making Australia less competitive by putting in place more taxes and by tying up entrepreneurs in red-tape and placing upward pressure on input costs for industry.
With ANDEV style Government policies, which have been successful in many countries, improvements in productivity would boost the future of Northern Australia and Australia

2. How has your regulatory burden changed over time?

Our Chair Mrs Rinehart has recently observed the following: " Australia has for some years been on a dangerous course of big government, wasteful government, consequent high taxes, big tape government and increasing regulation and intrusion into the businesses and lives of its people. One of the most dangerous examples being the Paris accord, where our government, signed up to net zero. This is increasingly leading to inadequate electricity, unreliable electricity, and expensive electricity, not yet well understood, given the non-disclosed taxpayers funded subsidies to the wrongly called, " renewables".
Of course, the consequences are obvious, well should be, industry needs reliable adequate electricity, not excessive government tape and high taxes in many forms, so we have record business failures, and investment in our country is understandably declining, as are our living standards.
In short, our leaders need to not ignore common sense and stand up, or we face the path of Argentina, pre Milei. I hope Australia will soon become one of those much-needed leaders.
World leaders outside our country are showing that we are now at a time when history is changing its course."
For more detail on this please see a link to a video of the speech which Mrs Rinehart made at the Institute of Public Affairs in Adelaide, to open their forum.

https://www.youtube.com/watch?v=opmOzVx4xG0

Institute of Public Affairs (IPA) report (see below) concluded,” red tape and overregulation threaten the vitality of the mining and resources sector and job creation, business investment, and social progress. Modelling by the Institute of Public Affairs estimated that red tape costs the Australian economy $176 billion each year in terms of forgone economic output, which is the equivalent to approximately 10% of GDP.

https://www.andev-project.org/andev-endorses-the-ipa-submission-the-current-draft-legislation-if-enacted-would-add-time-consuming-and-costly-regulation-for-all-parties-involved-in-the-mining-sector/

One of ANDEV’s members Roy Hill (part of the Hancock Prospecting family) has provided evidence of the extraordinary and costly approvals that had to be obtained to get the Roy Hill mine approved.
Mrs Rinehart in her speech below identified Roy Hill had to obtain 4,000 approvals, this being prior to more being needed for construction.
“There were more than 4000 pieces of red tape we had to deal with before we could even start to build. More than 4000!
And then more for construction.
What small company can pay for all that?
How many people would dedicate high risk money, years of effort and undertake a project knowing that it would require over 4000 pieces of regulation to be complied with before any prospect of being able to start construction, and go through even more tape, approvals, permits, licences and compliance before producing income.
For a project like Roy Hill, that has contributed to employing approximately 50,000 people in the Australasian region and one that will pay billions in various forms of taxation whilst providing decades of opportunities for many, is it really in the best interests of Australians to burden and delay such projects with thousands of approvals, permits and licences?”
https://www.andev-project.org/speech-by-mrs-gina-rinehart-delivered-by-sophie-mirabella-national-mining-related-industries-day-22-november-2016-melbourne/

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

   See reply to the previous question.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

   See reply to the previous question.

Cover sheet: Supporting document #1

Countries that have Special Economic Zones (SEZ)