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Federal Member for Capricornia

**WORKING HARD
FOR CAPRICORNIA**

10 April 2019

**Productivity Commission Review
Remote Area Concessions and Payments Review
Canberra ACT 2600**

Dear Sir/Madam,

Re: Submission on Tax Rebate/Offset Review 2019

I am the Federal Member for Capricornia and I represent a large remote part of Central Queensland spanning more than 90,000sq km - from Collinsville and Clermont to the Capricorn Coast.

Much of the remotest parts of this area of Queensland take in the nation's important coal and beef export sectors.

The region is the 'Beef Capital' of Australia and is also among the largest coal producers in Australia.

With this comes:

- Remoteness and isolation
- A higher costs of living
- Extraordinary costs in electricity (including air-conditioning)
- Mental health issues
- Less access to health, education and public transport services
- Higher construction costs for housing and sheds
- Higher call out fees for maintenance services (eg: electricians, plumber etc.)
- Either very expensive or zero access to air travel services
- And reduced access to the many other services that city people take for granted.

For example, the higher cost of living is highlighted in a recent price comparison with the cost of a single cantaloupe or rockmelon. In one remote regional town's supermarket a single rockmelon reached \$8.50, compared \$1.89 paid in a major supermarket in Rockhampton. This highlights how unsustainable the cost of living is for those in remote tax offset zones.

Likewise, the cost of fuel is also unfair. For example: in the town of Clermont in far western Capricornia the price of petrol was 154.9 cents per litre. On the same day in Rockhampton it could be purchased for 138.9 cents per litre. This difference is especially highlighted when a person living in Clermont would have to travel at least 415km to access medical specialists, compared to just 5 km for a resident in Rockhampton.

Many communities and people in remote parts of Queensland – including in outer Capricornia – benefit from federal zone tax rebates/off set concessions.

This includes small business, industry and workers who live or travel to certain areas for work.

Clermont
Middlemount
Marlborough
Rockhampton
West Mackay
Yeppoon
Sarina
Clairview
Carmila
Koumala
Emu Park
Keppel Sands
Nebo
Dysart
Moranbah
Clarke Creek
St Lawrence
Glenden
Collinsville
Pioneer Valley
Eungella
Finch Hatton
Marian
Gargett
Walkerston
Mirani



Often this program is an incentive to attract expertise in areas that need it, and assist people with the costs of living in extreme locations. Without it, country towns would not attract occupations that are essential such teachers, engineers, vets, nurses etc.

I am grateful for the opportunity to provide comment to the Productivity Commission's issues paper to review this scheme.

Capricornia is among 13 regions nationwide where this scheme operates.

The eligible zones for the zone tax offset were originally established in 1945 and were based on *"exposure to climatic conditions, isolation or a relatively high cost of living."*

According to the Commission, the zones still largely reflect the original design following World War II. The review is seeking to determine what/or if any modifications are required to bring it in line with current work expectations.

As I have stated earlier, country people are worse off when it comes to the cost of living, access to health and mental health services and transport costs.

The tax zone rebate/offset scheme plays a vital role in assisting individuals and families.

However, in my view the amount paid to residents in such zones needs to be increased in line with rising costs. The areas where this concession applies should also be enlarged.

In recent years in Queensland, largely due to the greed of the state government's monopoly on electricity pricing via Ergon Energy – we have never seen a period where power costs have risen so high, and so fast. Some businesses and farming operations pay more than \$12,000 per power bill. While, residential households can pay up to \$2,300 per bill. A huge cost for homes is found in air-conditioning – a necessity in areas where temperatures frequently reach a dangerous 45 to 50 degrees.

I believe the tax concession system needs to be reviewed to better reflect such rising costs facing people living in the bush – who work hard and contribute to the productivity for our nation.

I have asked leading industry groups in my region to also lodge a submission to this inquiry.

Kind regards,

Michelle Landry MP
Federal Member for Capricornia