



SOUTH WEST RED

REGIONAL GROWTH, COMMUNITY PROSPERITY

South West Regional Economic Development
C/ Murweh Shire
95-101 Alfred Street
Charleville QLD 4470

23rd April 2019

Remote Area Tax Concessions and Payments
Productivity Commission
GPO Box 1428
Canberra ACT 2601

Dear Sir/Madam

RE: Remote Area Tax Concessions and payment Enquiry- Submission by South West Regional Economic Development.

The Productivity Commission is seeking submissions to determine an appropriate approach for the future function of Zone Tax Offset (ZTO), Fringe Benefit Tax (FBT) and Remote Area Allowance (RAA).

South West Regional Economic Development (SWRED) is the collective of 6 remote local government areas within South West Queensland. SWRED consists of the Maranoa, Balonne, Murweh, Paroo, Quilpie and Bulloo local government areas. It is highly supportive of the Australian Government's review of the Remote Area Tax Concessions & Payments, especially in its terms of reference relating to relevance, business support and alternative mechanisms more relevant for delivering on policy objectives and outcomes. It is a study that is well overdue since its establishment in 1945 with the original intent of addressing inequality due to a nationwide "exposure to climatic conditions, isolation & high cost of living".

Changes to remote area tax concessions occurred at reasonably regular intervals throughout the 1940s to the 1990s, with a particularly significant change in 1981. However, no further changes to the Zone Rebate have taken place since 1993.¹ The remote area tax rebate continues to be offered at rates last adjusted in 1993 and have therefore been significantly eroded by inflation. As of September 2011, the rebate was worth around 62 per cent of its value in 1993.²

SWRED is of the opinion that the zonal tax mechanisms have not evolved adequately or appropriately to reflect the varying degrees of demographic change, infrastructure investment downturn, climatic variation and the increased cost of living, including that the current arrangements that are in place are not delivering on policy objectives.

SWRED and Regional Development Australia – Darling Downs and South West, have previously commissioned a report by the National Institute Of Economic and Industry Research (NIEIR) titled "The Case For Reviewing Income Tax Zone Rebates" by Dr Ian Manning. The report is attached as a supporting document to accompany our submission.

About us:

The SWRED region has a population of 24149 people across a land area of 31985256 hectares resulting in a population density of lower than 0.075 people per square kilometre as compared with 2.6 people per square kilometre in Queensland. Economically South West RED Region's Gross Regional Product is estimated at \$2.31 billion, which represents 0.7% of the state's GSP (Gross State Product).

SEIFA Index of Disadvantage for the South West RED Region in 2016 was 974.2; Bulloo Shire had the lowest level of Disadvantage in the South West RED Region, with a SEIFA index score of 1,003.0.³

The Region encompasses a total land area of 319852.56 square kilometers. Rural land is used largely for agriculture, particularly sheep and cattle grazing and cotton and wheat growing, with horticulture (fruit and vegetable growing), timber production, oil and opal mining and gas production also being important industries.

A range of socioeconomic disadvantages occur within the SWRED region compared with Queensland and Australia, such as:

- Higher cost of living expenses for food and nutrition to maintain a healthy lifestyle.
- High cost of freight.
- Higher costs of operating business for fuel and insurances.
- Higher costs for operating materials (e.g. building and stock feeds).
- Higher costs for electricity requirements, especially for air conditioners over the summer period to maintain a healthy living environment.
- Distance from available specialized medical facilities.
- Distance from higher education facilities for tertiary educational opportunities.

The outlined disadvantages are among some of the challenges facing the SWRED region in terms of developing as a productive, stable and welcoming regional community. The region possesses potential to increase capacity as an important strategic and economic hive for agricultural, transport, industrial and emerging industries (such as recycling, solar and geo thermal enterprises) if appropriately supported with government incentives and assistance, that attracts and maintains skilled people to call our region their home.

Moving forward, to attract and maintain appropriately skilled people, we recommend that the review encompasses consideration for:

- Reduced HECS debt of tertiary qualified residents and potential employees by 25%.
- Increased tax concessions for existing business enterprises to maintain staff employment.
- Increase concessions of Private Health Care to increase attractiveness of migration to the SWRED region.

Should you wish to discuss further any aspects of our submission and possible instruments to aid in supporting improved ZTO, FBT and RAA for the SWRED region, please direct your enquiry to SWRED Executive Officer, Mr. Neil Polglase.

Yours faithfully

Mayor Cr Annie Liston
Chair – SWRED

References:

1. Alexander Robert Fullerton, "Are You Still Here, Mr Hasse?" A study of Australia's tax rebates for Residents in isolated Areas 9 2014) 9 (1) Journal of the Australasian Tax teachers Association.
2. Ian Manning, "The Case For Reviewing Income Tax Zone Rebates" 2011, National Institute of Economic and Industry research (NIEIR) commissioned by Regional Development Australia – Darling Downs and South West for advocacy on behalf of the Shires of Bulloo, Quilpie, Paroo, Murweh and the Maranoa Regional council.
3. <https://www.abs.gov.au/websitedbs/censushome.nsf/home/seifa>