



Deputy Premier
Treasurer
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Mr Jonathan Coppel
Presiding Commissioner
Inquiry into Remote Area Tax Concessions
and Payments
Productivity Commission
GPO Box 1428
CANBERRA ACT 2604

Dear Mr Coppel

I welcome the opportunity to provide a Queensland Government submission in response to the Productivity Commission's draft report on Remote Area Tax Concessions and Payments.

Queensland's regional and remote areas are key contributors not just to Queensland, but to the performance of the national economy. However, the cost of living is rising for all Australians, and particularly for those living in regional Queensland.

The Queensland Government is concerned about negative impacts arising from the Productivity Commission's proposed changes which will impact remote areas of Queensland at a broad economic level, on Queenslanders living and working in those areas, and on the provision of State Government services.

The Zone Tax Offset (ZTO), Remote Area Allowance (RAA) and Fringe Benefits Tax (FBT) remote area concessions all play a role in supporting regional liveability, employment, development, and critically, service delivery. The Queensland Government believes that rather than cutting assistance, the Australian Government should be looking to do more to support these key regions.

The Draft Report makes several observations and key recommendations which have implications for Queensland, primarily:

- abolishing the ZTO will reduce the incomes of around 288,000 Queenslanders by \$55 million; and
- tightening FBT remote area concessions and redrawing boundaries will result in regional employers (including state government agencies) having to manage higher FBT liabilities.

These changes, if implemented, will present challenges with attracting and retaining employees in remote areas and will be viewed as diminishing support and incentives for regional employment. It is important to understand that both private and public sector employers often face significant challenges in attracting staff to remote locations.

More generally, worker attraction is a key issue for Queensland employers and the availability of a skilled workforce has been identified as a critical prerequisite to business investment.

The attached Queensland Government submission explores and responds to the issues identified in relation to the Productivity Commission's proposed changes.

Given the complexities and likely significant impacts at the local level from the proposed changes, Queensland would welcome an opportunity to continue to engage with the Productivity Commission and elaborate further on Queensland's concerns as it progresses development of its final report by early 2020.

Yours sincerely

JACKIE TRAD MP
DEPUTY PREMIER
Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships