

Isolated Children's Parents' Association of Australia Inc.

"Access to Education"



Submission

to the

Productivity Commission Draft Report

into

Remote Area Tax Concessions

from the

Federal Council

of the

Isolated Children's Parents' Association of Australia Inc.

ICPA (Aust)

October 2019

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The Isolated Children's Parents' Association of Australia, ICPA (Aust), welcomes the opportunity to provide comment on the draft report of the *Productivity Commission Review into Remote Area Tax Concessions and Payments*.

While ICPA (Aust) appreciates that the Review covers many aspects outside of the area of education in its findings and that changes to Remote Area Tax Concessions and Payments are possibly warranted in some sections, the Productivity Commission is urged to take into consideration the unique educational costs and challenges in remote areas that families living in these areas continue to face and how Tax Concessions and Payments may be utilised to alleviate or minimise these difficulties.

ICPA (Aust) provides the following comment regarding the draft report:

In the Key Points of the Report Overview, comment is made that "Remote Australia has changed considerably since 1945. Many areas once considered isolated are no longer remote, and improvements in technology have helped reduce the hardships of life in remote Australia, although expectations have risen."

In some non-urban areas of Australia, there have been developments, expansion and growth which now see people living in those areas facing less difficulty and remoteness. However, in some instances these developments have caused an increase in the gap between what is available in remote areas and what can be found in more populated areas of Australia. Technology advances for example may have assisted in overcoming some of the challenges of distance and communication, however improvements have made people more 'remote' or isolated in some cases. As an example, banking has changed considerably in remote areas. Some banking, government websites, etc. require the customer to have mobile access to be able to receive PINs or codes. Those without mobile access, cannot easily do everyday banking or other online tasks with this added mobile security feature. With increased online banking utilisation, there are fewer physical banks in remote communities, and many towns now have no bank at all for physical transactions or assistance and it can be great distances to the next bank branch. Schooling has also changed, in particular for students of Schools of Distance Education or Schools of the Air, where print learning materials have been replaced increasingly by online resources, and families are ever dependent on their phone and internet services working in order to educate their children. Installation delays, fault and repair times can severely impact on remote students' ability to participate effectively in their school programs.

There is also mention of transport improvements, indicating that isolation is decreased with better access to road and air travel, however again this is not across the board. For example, in the past it was possible to fly out of Clermont to other centres to visit family or access services. Currently, the only flights out of Clermont are from Brisbane for Fly In Fly Out workers for the mine and the general public has no access to this transport. There are other examples of this, as well as the excessive cost of regional flying, unavailability of flights, etc. that has been an ongoing issue and makes travel to access schooling for remote children who travel away to boarding school problematic and costly.

"DRAFT FINDING 5.1 There is no compelling justification for a zone tax offset in contemporary Australia. Higher living costs or other aspects of life in remote areas do not warrant compensation from other taxpayers. Australians face a range of advantages and disadvantages in where they live, and will typically locate in the area they value most highly. Communities likewise grow or shrink based on their advantages and disadvantages. Attempts by governments to artificially create an advantage for a remote community, or attract people to live in high cost areas through tax concessions, typically result in net losses to the broader Australian community."

ICPA (Aust) feels that there is a government responsibility to assist with provision of essential services to all Australian communities. Many remote communities contribute significantly to the Australian economy in industries such as agriculture. A Zone Tax Offset, or some incentive, which encourages people with specific skillsets to live in rural and remote areas where there are additional challenges in living conditions to that of urban counterparts, is warranted. It can be extremely difficult to encourage people to live and take up work in remote areas, and a significant incentive to do so may assist in filling vacancies and establishing essential community services in health, education and emergency services roles in remote communities. The “*compensation from other taxpayers*” is recompensed by the benefits that essential industries such as agriculture put back into the economy by providing food and fibre for the nation.

“DRAFT RECOMMENDATION 8.1 TIGHTEN TAX TREATMENT OF EMPLOYER-PROVIDED HOUSING *The Australian Government should amend the Fringe Benefits Tax Assessment Act 1986 (Cth) to change the tax treatment of employer-provided housing. Specifically, it should:*

- **revert the exemption for employer-provided housing (section 58ZC) to a 50 per cent concession (as it was prior to 2000)**
 - **remove the provision that enables employers to claim the concession because it is ‘customary’ to provide housing (section 58ZC(2)(d)(iii))**
 - **remove the provision that extends the concession to additional areas for ‘certain regional employers’ (section 140(1A)).”**

This recommendation is a concern to ICPA (Aust) as remote families often need to employ governesses to assist with supervision of children in distance education classrooms as well as carers who are hired to provide child care for young children on remote properties. These employees, because of where they work, need a place to stay and must rely on employer provided housing as they have no other option for accommodation. As Fringe Benefit Tax is paid by the employer, not the employee in this situation, employers are disadvantaged by hiring people for these positions as staff require somewhere to stay as an essential component of the position. The employees do not have a choice of accommodation, the employer provides what accommodation they have available and on rural properties this is usually fairly basic. Employee housing provided by Remote families is an extra cost in trying to access child care or school supervision that families in a town or where children can attend a school/child care centre do not incur because those assisting with schooling or child care need a place to live when working on remote properties.

“DRAFT RECOMMENDATION 8.3 TIGHTEN TAX TREATMENT OF OTHER GOODS AND SERVICES “

ICPA (Aust) feels that in some cases, there should be additional capacity in the Fringe Benefit Tax system with exemption for remote and very remote employers who address the inequity of access to education by assisting staff with the cost of education of their children as this education is not available to these children in the areas where they live. Employers often assist with education costs in order to retain staff when their children reach school age. If these businesses were operating in an urban area, these types of assistance would not be necessary as children can access government schooling at no cost to an employee, but due to where these families live in order to work, the education of their children comes at a significant cost. This cost often prompts them to move away, thereby reducing the workforce and skillset in remote areas. The inequity of accessing education in geographic isolation would be reduced by offering exemption to remote and very remote employers for assisting with necessary education fees.

ICPA (Aust) thanks the Productivity Commission for their consideration of our further comments on the draft report of the *Productivity Commission Review into Remote Area Tax Concessions and Payments*.