

Remote Area Tax Concessions and Payments Submission

11/10/2019

The draft report titled the 'Remote Area Tax Concessions and Payments' appears to have taken a narrow view, one that does not consider the benefits and linked outcomes for those receiving the Remote Tax Concession.

Therefore, I do not agree with the draft reports recommendation to abolish the Zone Tax Offset (ZTO). Instead, I believe that the ZTO should be increased, not abolished.

The ZTO was designed to encourage Australians to move to and live in remote and rural areas. We live in a time where our major cities are rapidly increasing in size and population and our remote areas are shrinking. There is a growing need to encourage people to move away from our major cities and into less populated or remote regions.

For example, in the Northern Territory, we are experiencing negative population growth overall and have experienced net negative interstate migration in every quarter since December 2009. I would suggest that financial stress and the high cost of living may be a significant contributing factor for those leaving the Territory. By increasing the ZTO and reducing financial pressure on families perhaps less people will abandon the NT.

<https://nteconomy.nt.gov.au/population>

It is my opinion that the ZTO should be increased not abolished in order to fulfil its intended purpose to help those living in remote areas with the higher cost of living they experience and to encourage people to move into remote areas. While the ZTO is only one piece of the puzzle, it ~~should be~~ is an important one. The ZTO should be used to stimulate the economies of remote areas and keep people living outside the major cities.

I would also like to explain how the zone tax offset (ZTO) impacts those who I know.

I know many people who receive the full special area ZTO and countless more who receive the full Zone A ZTO amount in their tax returns. Many of these people do not receive high incomes as what is suggested in the draft report despite living in very expensive and often hot and difficult areas of Australia.

Small businesses employ a large proportion of the working population in small towns and throughout the Territory. These businesses can't afford to pay their workers large wages in a bid to attract workers because it isn't feasible to pay retail workers \$100,000+. As a result a significant proportion of the NT workforce struggle to save and/or pay for non-essential goods and services.

Because of this 'small' special area ZTO or full Zone A ZTO amount, many receive a tax rebate which is then used to go out and purchase items not otherwise afforded, such as fishing gear, car parts, birthday presents, computer upgrades, fancy dinners or be paid towards upcoming bills. This money is used to stimulate the economy in a time when things are really slowing down in my view.

Kind regards,

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