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Capricorn Tourism & Economic Development Ltd
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Remote Area Tax Concessions and Payments Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Dear Sir/Madam

RE: Remote Area Tax Concessions and Payments Enquiry – Submission by Capricorn Enterprise

Capricorn Enterprise formally acknowledges the opportunity to table a Submission to the Productivity Commission on its Review into regional tax rebate/offsets for remote areas.

Capricorn Enterprise is one of Queensland's thirteen (13) official membership based Regional Tourism Organisations and Regional Development Organisations and is recognised as the peak business and industry body for the Capricorn Region within Central Queensland and the Southern Great Barrier Reef destination. Our organisation is chartered to deliver a number of key services, including assisting with the facilitation of a strong, healthy and diverse local economy through Destination Marketing, Business Support, Visitor/Tourism Servicing and Investment Attraction.

Government Financial Support (Taxation relief / subsidies or rebates) for Regional and Rural Areas

Background: Historically the rebate was intended to assist with the cost of living as regional and remote areas experience higher costs for transport, diseconomies of small scale, limitations to range of goods and services amongst other things. The rebate also provided a level of compensation for isolation and distance to access services as accessing services from remote locations has time and fuel costs significantly higher than city counterparts. The rebate also provides support for remote-area economic development as partial compensation for the reduction in the competitiveness of remote-area export industries.

Remote Area Support: In many respects the "post-war" origins of remote area support are appropriate and relevant today.

For remote areas, access remains costly with poorly constructed and maintained road networks, government rail services initiated in the 1940s to service remote areas in support of the agriculture sector (grain, livestock and goods) have all but closed due to their lack of maintenance, airline travel is provided only to a limited number of larger regional/rural locations (with suitable Airport infrastructure) and is expensive with poorly scheduled route timetables, government support and presence via decentralised agencies (both State and Commonwealth) is virtually non-existent, and where available is very limited and generally provided from distanced regional centres, numerous proposals by governments to initiate "decentralisation" programs to service regional/remote areas is mere "lip-service", government policies that promote local content to support regional businesses are "lacklustre" at best, communications, whilst improving, can be termed as "third world standard" – and the list goes on (not to mention the overall lack of health, education, policing, emergency services critical to these areas). The overall neglect of government support for remote and rural

areas has dealt a “death knell” for a vast number of remote townships that historically flourished through the 1940s to early 1980s.

Based on a principal to the continuation of any form of Government financial assistance to specific geographical areas is a determination of the “value of disadvantage” experienced by residents and businesses operating in these areas. Demonstrating that employment and career opportunities, social interaction, increased costs of access and transport, access to health and education services, sport and recreation, reduced supply chain availability, disconnect from family, overall lack of communication systems (including phone, radio, TV, IT etc), and overall connectivity all add to the list of “disadvantages” that regional and rural dwellers experience when compared to their metropolitan counterparts!.

Comment – 3) The Commission’s analytical approach: We note with interest that “the Commission’ will also consider broader impacts on other parts of the community, such as foregone tax revenue or increased government outlays” (issues paper page 7).

Whilst a predictable approach, when considered in the context of annual Commonwealth budgets – the level of financial support extended via these “rebates and allowances” under the Remote Area Tax Concessions and Payments Scheme can only be described as “miniscule” and we urge the Commission to consider a reframed level of financial support and incentives for impacted areas.

Real Time Value of Zone Tax Rebates and Offsets: The Commission's Issues Paper states that “the real value of Zone rebates has been falling since 1993, with residents in Zone B, the most populous zone, currently receiving a rebate of \$57 each year”. In the 1940s this rebate was £20 or the equivalent of \$1400 a year in current conversion which would make a positive difference in encouraging people to relocate/move to rural and remote areas, so clearly the Commonwealth’s Program has failed to keep pace with currency value!

Tax Offset Zones – Updated System: As has been observed within the Issues Paper (March 2019) the current offset zones (Zones A, A Special, B & B Special) could be regarded as inappropriate or discriminatory by virtue of changing demographics over time.

The [Our North, Our Future: White Paper on Developing Northern Australia](#) released in 2015, is a 20 year plan for investment and support to grow the north of Australia, unlocking the region’s full economic potential as the gateway to global markets and rich resources, while ensuring the north is an even more attractive place to live and do business.

Extending the Regional tax rebate/offsets for remote areas to fully incorporate Northern Australia will benefit residents and support the region’s economy and recognise the higher cost of access to services. Regional tax rebates may benefit employees or employers that can attract more workers to a region. This population growth can drive infrastructure development.

Capricorn Enterprise supports initiatives that assist in the relocation of workers and their families to live in the regions. This would include increasing the value of tax rebate/offsets for remote areas and the extension of the scheme to include areas of Northern Australia not currently included.

Yours sincerely

Neil Lethlean
Regional Economic Development Manager