



29 April 2019

Our ref: GR14.6.1  
Enquiries: Andrea Ellis  
Telephone: 4913 5000

Productivity Commission Review  
Remote Area Concessions and Payments Review  
Canberra ACT 2600

Dear Sir/Madam

**Re: Submission on Remote Area Tax Concessions and Payments**

The Productivity Commission is seeking submissions to determine the appropriate ongoing form and function of the zone tax offset, FBT remote area concessions, and Remote Area Allowance.

Residents and taxpayers of Livingstone Shire are currently entitled to access FBT remote area concessions only. No areas within the locality boundaries are considered to be included in Zone A or B for income tax purposes.

Livingstone Shire is located in Central Queensland, about 600 kilometres north of the Brisbane CBD, and about 40 kilometres north-east of the Rockhampton CBD. The Shire consists of towns and rural areas considered Inner Regional Australian (95.6%) with some areas classified as Outer Regional and Remote Australia<sup>1</sup>.

The estimated resident population of 37,638<sup>2</sup> spans over 11,776 square kilometres. The average annual growth rate over the past five years of 1.3% is below the average annual growth rate for Queensland (1.5%). Yeppoon, with a district population of 18,000 is the main town and lies 42 km north east of Rockhampton. Most of the shire's remaining population reside in and around smaller towns and districts including Emu Park, Byfield, Farnborough, Cawarral, Keppel Sands, Nerimbera, The Caves, Marlborough, Ogmoo, Stanage Bay, Great Keppel Island and Rosslyn Bay.

In 2016, the population density in the Livingstone Shire Council area was 0.03 per hectare. This figure was similar compared to Regional QLD, which had a population density of 0.01 persons per hectare (the Regional QLD however, does include very large areas of non-residential land).

Livingstone Shire Council has an aging population with median age of 42 years compared to 39 for regional Queensland, 37 for Queensland, and 38 for Australia<sup>3</sup>. The median age for Livingstone Shire increased by 2.2 years from a median age of 40.2 years at 30 June 2007 and is projected to be 50.8 years by 2041 compared to the projected Queensland median age of 40.7.

<sup>1</sup> Source: ABS, Australian Statistical Geography Standard (ASGS): Volume 5 - Remoteness Structure, July 2016, cat. no. 1270.0.55.005; ABS, Census of Population and Housing, 2016

<sup>2</sup> Source: ABS 3218.0, Regional Population Growth, Australia, various editions

<sup>3</sup> Source: Australian Bureau of Statistics, Census of Population and Housing 2016.

Livingstone Shire Council area has a lower proportion of pre-schoolers and a higher proportion of persons at post retirement age than Regional QLD in 2016.<sup>4</sup>

4.4% of the Livingstone Shire Council area's population was of Aboriginal and/or Torres Strait Islander descent compared to 4.0% in Queensland<sup>5</sup>. 10.1% of the Livingstone Shire Council area's population was born overseas compared to 17.3% in Regional QLD<sup>6</sup>

The top five industries that the area's workers are employed in are Health Care and Social Assistance, Education and Training, Construction, Retail Trade and Mining. There are 17,094 employed residents, however 7,222 or 47.0% of the Livingstone Shire Council area's resident workers travel outside of the area to work.

Within the Shire's economy the top 5 industries by employment are Education and Training, Retail Trade, Construction, Health Care and Social Assistance, and Accommodation and Food Services<sup>7</sup>. Employers within Livingstone Shire Council must also compete to attract and retain labour with the resources sector.

Current and potential employees in the Livingstone Shire Council benefit from the FBT Remote Area Concessions either directly through salary packaging or via personal tax deductions. This may be the difference between an employee staying with their employer or seeking to relocate. This benefits the family and the employee which is a factor in an individual or family staying in the region or seeking work elsewhere.

A range of socioeconomic disadvantages in the Livingstone Shire compared with Queensland and Australia which include:

- Households in the Livingstone Shire Council area have a median income of \$1,269, which is lower than Queensland (\$1,392) and Australia (\$1,431)
- The Shire has a lower level of persons aged over 15 years who have achieved a Year 11 or 12 (or equivalent) level of schooling (47.5%) compared to Queensland (58.9%)<sup>8</sup>.
- The unemployment rate in Livingstone Shire at December quarter 2018 was 5.1%
- Higher cost of living expenses i.e. food, fuel compared to nearby regional centres and major cities
- High transportation costs with no direct access other than through other regional centres to major cities. In particular, air travel costs are exceedingly high.
- Distance from available specialised medical facilities
- Distance from higher education facilities with only one (1) university maintaining a study centre to assist students studying courses via online<sup>9</sup>
- Lower connectivity through broadband and telecommunications
- Adverse climate conditions, which have a flow-on effect to increased insurance costs

Some of the above features of Livingstone Shire's society and demography have contributed to ABS SEIFA Index of Relative Socio-economic Disadvantage (IRSD) 2016 score of 993.

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<sup>4</sup> Source: Australian Bureau of Statistics, Census of Population and Housing 2011 and 2016

<sup>5</sup> Source: ABS, Census of Population and Housing, 2016, Aboriginal and Torres Strait Islander Peoples Profile - 102

<sup>6</sup> Source: ABS, Census of Population and Housing, 2016, General Community Profile - G01 and G09

<sup>7</sup> Source: National Institute of Economic and Industry Research (NIEIR) ©2018

<sup>8</sup> Source: ABS, Census of Population and Housing, 2016, General Community Profile - G16

<sup>9</sup> <https://www.cqu.edu.au/about-us/locations/yepoon>

Livingstone Shire is slightly more socio-economically disadvantaged than Queensland (996) and Australia (1001.9).

The outlined socio-economic, social and education limitations are among some of the hurdles facing Livingstone Shire in terms of prospering as a regional community. Livingstone Shire Council is working with all stakeholders to maximise the potential to be recognised as an important strategic regional hub for defence, tourism, industrial and agricultural industries. Government incentives and assistance to small business and industry that will help attract and retain skilled workers will help boost employment, population and maximise output opportunities by making residing in our region more financially attractive.

The underlying policy rationales that have been proposed over time on remote tax issues remain valid, however there is merit in reviewing the boundaries to reflect current population and extend the parameters to include consideration of other socio-economic indicators

Livingstone Shire Council would be supportive of the Australian Government aiding residents who reside in specified geographic areas through the zone tax offset, and the Remote Area Allowance and particularly the fringe benefits tax (FBT) remote area concessions.

Yours faithfully

**Andrea Ellis**  
**Chief Financial Officer**