

Dear Productivity Commission

Thankyou for the opportunity to make a submission to the Productivity Commission's Issue Paper "Remote Area Tax and Concessions"

We live on a cattle station in the Gulf of Carpentaria region of North West Queensland. We are 71 km from our closest town, Burketown, which has a population of approximately 180 persons. It offers P-6 schooling, a health centre staffed by a permanent nurse with a RFDS clinic one day/week for consultations with a doctor. We are serviced intermittently by allied health professionals and a women's health nurse and occasional access to specialists eg optometrist, cardiologist, breast screening. There are a couple of small grocery outlets offering a limited array of produce/product. Our only public transport offering are 2 flights/week in/out of Cairns and Mt Isa. We are not serviced by any courier services but receive freight services fortnightly from 3 freight companies (2 based in Mt Isa and 1 local) and a less regular service from Townsville (once a full load is accumulated). We are traditionally severely impacted by the Wet Season each year with road closures lasting from several weeks to months meaning no freight, no mail service and no ability to trade.

Our remote location necessitates freighting in, often over long distances all goods and produce required to live and run a business. It also requires long distance freighting of our product, beef cattle, to market.

Our submission will address the additional imposts that remote area living and business location creates and the disparity this causes between us and our metropolitan counterparts.

EDUCATION: Due to our location our four children were educated via Distance Education/School of the Air as there is no available bus service nor is it practical to drive 142km (round trip) each day to access the local primary school. Whilst they could have completed their entire education via Distance Education, and DE does provide an excellent service, it cannot provide the social and sporting opportunities that teenagers need to develop their "whole" person nor can it offer as robust, diverse curriculum as mainstream schooling. Therefore, we need to send our children to boarding school to complete their education. The average cost of boarding school in 2019 (in Qld) was \$29 629. Out of pocket expense/student equated to \$16 397 after State and Federal Allowances for Isolated Students were claimed. The multiplier affect should you have several children away simultaneously, as we did for many years, is great.

There are 8 shires in Queensland that do not have secondary schooling facilities at all. There are several shires where only P-10 is offered, possibly in only one of the towns within that Shire not all towns. If you have a child with learning difficulties or who is gifted even if your local community offered P-12 schooling the educational needs of that student may be best served by another school rather than the that readily available.

For remote residents, boarding school is not a luxury but a necessity to maximise successful educational outcomes and set our children up for their future. The cost of education is daunting and is one of the key detractors to attracting and retaining staff and families to our local businesses and communities. The cost of travel means that unlike many town parents, parents in remote areas are not able to participate in their children's schooling life – P&C's, sports days, musicals, award ceremonies etc.

TRAVEL: Travel to and from boarding school can also be very expensive. Due to living in the North and subject to intense Wet Seasons, there have been times when we have had to hire a helicopter to

get our children to a town where they can catch a flight back to school. A flight to/from our closest airport servicing where our children went to school could often be over \$750/student/term. We have friends who have had to pay over \$1000/student to get their children to/from school during the holiday periods.

To travel and see family and friends, attend events is quite expensive from your travel begins in a remote area so many people choose not to go to weddings, catch up with loved ones, go to concerts or sporting events and “settle” for less to support their personal emotional and social wellbeing. I attended a concert in Brisbane last year, flying down from Mt Isa one afternoon and returning the next morning – at a cost of \$1024.

(NOTE: For more detail on the costs of air travel in remote Australia refer to submissions made to the RRAT inquiry into “The Operation, Regulation and Funding of Air Route Service Delivery to Rural, Regional and Remote Communities” currently underway)

HEALTH: While we consider ourselves quite well served for basic, and some higher level, health needs we must travel large distances to access specialist services. When we were expecting children, it was preferred that you head to the hospital where you intended to have your children 4 weeks before the delivery date. All “away” medical treatment requires significant costs towards meals/accommodation and travel and if you have school age children requires you to make alternative arrangements to allow for continuity of learning. There is some support via a Patient Travel Scheme and while welcome it still can leave a significant out of pocket cost.

Recently I had to have knee surgery due to a torn ligament. As it was the wet season I had to fly to Cairns, some 990km from home, two days before the surgery (due to flight schedules a flight the day before was not possible). Following day surgery, I was required to stay in Cairns for another 5 days to allow for healing, to minimise post-operative risk and attend a post op consultation. As I was quite incapacitated and needed to minimise movement, I needed to have access to walk in showers and room service. This meant I was limited in my options for accessible accommodation. I ended up spending over \$1500 for accommodation/meals and flights were over \$800.

If I had lived in an urban area, I could have returned home and not had accommodation expenses. I would have also had access to food/meals and had friends/neighbours to assist me if needed. Costs associated with accessing medical help are greater than in urban areas. The lack of access to medical services can also be a disincentive to live and reside in rural and remote areas.

TELECOMMUNICATIONS: We live in an area of no mobile coverage and rely on landlines and satellite for internet provision.

We pay \$242.40/month to provide internet for ourselves and our staff. This is not unlimited data but consists of peak and off-peak data with limits. Once you reach those limits you are then reduced to almost dial up speed. The speeds we can download/upload with are not metro comparable. We cannot access Netflix, Stan or similar as it would eat all our data very quickly. We still suffering buffering on YouTube videos at times and are subject to frequent drop outs and outages. The satellite internet is prone to cloud shading anywhere along its beam – so a storm in WA could mean an outage here on our property if we were on the same beam (and this has happened). It also means at the first sign of rain/cloud our internet drops out and remains out until the cloud clears.

Limited mobile coverage means for the 345km to our closest larger service centre means we have coverage for approx. 100km of that journey. The balance of the journey would rely on Satellite Phone coverage. Away from our house, we have limited phone coverage across our 94 000ha

property (we have two landlines located at different points on our property for safety purposes). Urban Australians could not comprehend not having mobile access for their entire daily life for work and social connectedness. Yet we do and there is limited scope for that to be altered in the foreseeable future.

We live in a global village and telecommunications technology is what connects us all. Young people today expect to have access to social media. There is strong anecdotal evidence that attracting and retaining staff in remote areas can hinge on internet access.

Reliable telecommunications are also imperative for education, safety, health and business purposes. A significant portion of the Distance Education curriculum relies on technology for core learning and engagement with the teacher and their fellow students. We engage with the Flying Doctor via telephone and, when possible, attend telehealth sessions at the health centre in Burketown. More and more of our core business is conducted via electronic means as we have no ready access to a local banking facility. We must also order all our foodstuffs, plant and machinery, pay accounts, clothing, veterinary and animal healthcare products as we cannot attend shops to order or pick up in person – and must also do our research online for the same reasons.

The additional costs associated with internet access and the lack of a truly metro comparable service are another example of the inequity between remote Australia and the more urbanised areas. The lack of mobile coverage and limited data and inferior speeds also impinge on the ability to attract/retain staff, undertake your business in a modern environment and fully engage in learning opportunities.

COSTS OF GOODS AND SERVICES: Australia is a decentralised country. Once you move away from the coastal fringe and the hinterland areas there are vast distances between towns, markets and distribution/service centres. Freight is a part of our daily lives. However due to distances, freight costs on both inbound and outbound items are much higher for remote Australians. The inward bound freight costs are reflected in the price of groceries and general goods for sale in remote communities. Remote area residents are restricted in their ready access to these items.

Please see the table below for price comparisons on every day items in a remote town in 2018 (approx. 2 hours from where we live) and our State capital:

Compare the receipts

	Doomadgee	Brisbane	Difference
200g jar coffee	\$27.63	\$9.00	\$18.63
1L washing liquid	\$15.80	\$5.00	\$10.80
300g baby formula	\$38.99	\$29.99	\$9.00
1kg milk powder	\$13.57	\$5.70	\$7.87
500g mixed biscuits	\$9.00	\$4.50	\$4.50

	Doomadgee	Brisbane	Difference
1kg instant oats	\$8.88	\$5.00	\$3.88
190g toothpaste	\$10.36	\$7.00	\$3.36
16 pk throat lozenges	\$8.53	\$5.50	\$3.03
150g Vegemite	\$4.96	\$3.30	\$1.66
2L milk	\$4.19	\$2.99	\$1.20
Total	\$141.91	\$77.98	\$63.93

Note: Food prices were sourced in Doomadgee on June 26 and compared with the same/equal brands from a major supermarket in Brisbane City on July 2.

Source: <https://www.abc.net.au/news/2018-08-13/supermarkets-charging-remote-shoppers-nearly-double-city-prices/10107060>

accessed 29/04/19 16:10pm

We are not disparaging freight companies who bring in these goods for sale. They, too, are often based in remote areas and face increased imposts due to servicing these remote areas. Fuel costs are greater (diesel on 25/04/19 in Burketown was 184.2 c/L), wear and tear on vehicles greater as many roads are unsealed, wages are higher due to impediments to attracting/retaining staff and often for several months of the year (the Wet Season) they are unable to trade due to road closures. Their costs must be higher to service these areas for these, and other, reasons.

Outward bound, we pay high freight costs to get our product to market. Our closest market is Charters Towers, approx. 900 km from our property. We pay on average \$67.50/beast to transport them to the saleyards.

Due to travel being required by tradesmen etc to service these remote areas we are charged a travel component for services rendered. Depending on where they come from and the number of clients they will be servicing on their trip this will be from \$100 dollars upward. It may also take several weeks to be attended by the tradesmen due to their limited availability and the large footprint they service.

The high cost of goods and services is obviously greater than in urban areas. Our choice of product is also limited. We must also accept longer wait times for service provision.

ELECTRICITY: We have no choice of electricity providers so we cannot “shop around” to achieve a better deal. If we were to install solar, we could not maximise our investment as we cannot feed back into the grid because we are on a SWER powerline. Our last electricity bill for the station complex on our property (which during the dry season is home to approx. 7 people and during the wet 3-4 persons) was over \$5 100 for 3 months supply over the wet season. We must maintain a generator as during the wet season there are frequent outages due to weather events and fires

started by lightning damaging equipment. We also have a electricity service to supply water to the station complex that costs us approx. \$500/qtr.

This is a significant cost to our business but is a necessary one. Unlike our “closer in” counterparts we lack choice and competition in the electricity marketplace. We cannot reduce costs for this essential component of our business and personal lives.

IN CLOSING: We accept that due to our location, costs for goods, services will be higher and accessibility to same will be lower. We also accept that there is not ready access to education and health services. We do not ask for equality of services but rather equity. To reduce the inequity we experience daily requires support from government.

We would like to respectfully disagree with the statement “Such arguments have also been challenged on the basis that ‘individuals have a free choice whether or not to live or work in remote areas and to compensate them, if they so choose, would lead to resource misallocation and reduced growth for the country as a whole’ (see Cox et al. 1981, p. 15)”. We do thankfully have a free choice in this country and the ability to exercise it. However, we should not, in modern times, have to blindly accept less nor expect less because of our geographic location. We contribute the same in fees/charges and taxes to government regardless of our location and by way of living here we are contributing to a significant portion of our regional, state and national economy through the key pillars of agriculture, mining and tourism. Arguably, we would not be contributing to “reduced growth for the country as a whole” as postulated by Cox et al but rather increased growth. Due to living in urban areas, folk have ready access to a wide variety of goods, services and activities that we could only dream of. The luxury of their population density means they are afforded increased funding and cross subsidisation of services they take for granted. Competition and choice drives prices downwards. The statement made by Cox et al seems to suggest that those who chose to live in urban areas should be rewarded for their choice but those who chose to live elsewhere punished or neglected.

The Zonal Tax Offset is one tool government has to assist in achieving equity. Its non-connection with CPI has resulted in it no longer being either an incentive to live and work in remote areas or a meaningful recognition of realities of the increased cost associated with living/doing business in a remote area.

With the focus on Northern Australia following the release of the White Paper in recent years, it is timely to revisit, revamp and revitalise any, and all, instruments at the government’s disposal to incentivise the development of this region to allow it to reach its full potential. With the increasing focus on sustainability and resilience: personal, economic, social and communal, tools must be provided to assist in growing and strengthening that resilience.

A key tenet to all of the above is population growth and stability. To attract and retain people/families, to keep regions vibrant and sustainable, and ask them to willingly agree to greater costs for goods and services, reduced service levels and accessibility to essential services such as health and education means that realistic, and substantial, incentives must be put in place to counterbalance those shortfalls.

We believe:

- A Zonal Tax Offset indexed to CPI, in order to remain relevant and redress imbalances, is an essential cornerstone to population growth and sustainability in regional/remote areas. In determining the base rate for today, the amount should be calculated from the date this

rebate was established with the applicable CPI applied and recalculated for each subsequent year with the appropriate CPI applied and added until the current year is reached. Going forward, each year should see the application of relevant CPI to ensure the ZTO reflects the current costs of living and business in remote areas. We concede that some mapping may need revisiting as since the time of the mapping some locations eligible for concessions/rebates have grown markedly and it must be determined if access to goods/services and choice of same may no longer be an impediment to quality of life and/or to business.

- For remote locations that must provide staff with accommodation and food, due to their being no other readily accessible options, these businesses should not be charged FBT on those provisions. They are essential to attracting a workforce and are an incentive to seek employment in remote areas.
- Businesses in remote areas should also be eligible for Zonal Tax concessions due to the increased cost of trading, providing incentives to attract and retain staff and the fact that for many months of the year, during the Wet Season, they are unable to trade at all and the window of opportunity for trade may be limited to only six – nine months of the year.

Again, we thank the Productivity Commission for the opportunity to make comment on its Issues Paper. We look forward to learning of the outcomes of your inquiry and to a more equitable system of rebates, offsets and concessions.

Yours faithfully

Ernie and Kylie Camp