



LIVESTOCK SA...

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Mr Jonathon Coppel
Commissioner
Remote Area Tax Concessions and Payments study
Productivity Commission
GPO Box 1428,
CANBERRA CITY ACT 2601
(Email: remotetax@pc.gov.au)

Dear Commissioner Coppel,

Remote Area Tax Concessions and Payments study

Livestock SA was formed in 2013 to represent the interests of beef cattle, sheep and goat producers across South Australia, including the pastoral region of South Australia. Currently Livestock SA has over 3,500 members.

It is on behalf of its pastoral members that Livestock SA wishes to comment on the Productivity Commission's draft report on Remote Area Tax Concessions and Payments.

It is extremely disappointing that the Productivity Commission is proposing to abolish the zone tax offset. The offset was designed to compensate residents for uncongenial climate conditions, isolation and the higher cost of living. And in the case of South Australia's pastoral region, these three aspects have, if anything worsened with more extreme summer heat (an increase in the number of days over 40°C), more isolation (the few settlements in the region have declining populations), and with a cost of living far higher than in most parts of South Australia and this is continuing to increase.

Livestock SA accepts the draft findings that nearly half of the zone tax offset claimants live in large coastal regional centres, and inflation and growth in wages have substantially eroded the value of the offset. But this should mean adjusting the boundaries and increasing the payment rates, and not just abolishing the zone tax offset. It is equivalent of throwing the baby out with the bath water.

For South Australia's pastoral region, most of which would currently be in the 'Special areas' zone, one of the main difficulties is in attracting services and those that work in these services regardless of whether they are employed by government or privately. The State Government pays allowances and provides housing for remote area workers, teachers, police officers and health care professionals, but these 'incentives' are not enough to counteract the remoteness and to get people to come to this area even if for only short periods. Having a zone tax offset of a greater value than is currently available, may assist. Few individuals are willing to work in the pastoral region when any higher salaries are eaten up in paying more tax as well as the high cost of living. This combines with a lack of access to services and facilities while living in this region.

Pastoralists also need to employ workers on their own properties but have increasing difficulties in attracting people to work for them. Many resort to using in-experienced backpackers. Improving the value of the zone tax offset could well assist in attracting workers.

In relation to fringe benefits tax remote area concessions, the Productivity Commission is also recommending the tightening of the tax treatment of employer-provided housing and of other goods and services, as well as removing the concession for employee-sourced housing. If fringe benefits tax remote area concessions are going to be of any benefit, it would be preferable if these were made simpler and less bureaucratic, easier to understand, more accessible with less compliance burdens, and not as complex.

Yours Sincerely,

Joe Keynes
President