

11 October 2019

The Commissioners
Productivity Commission
Canberra ACT 2601

Response

PRODUCTIVITY COMMISSION DRAFT REPORT - REMOTE AREA TAX CONCESSIONS & PAYMENTS

Flinders Council welcomes the opportunity to comment on the Productivity Commission's (the Commission) Draft Report for the Remote Area Tax Concessions and Payments Inquiry.

The Productivity Commission Draft Report – Remote Area Tax Concession and Payments makes a number of logical and reasonable recommendations. That the ZTO and RAA have not been reassessed or had significant changes over the past 30 years is in, and of itself, reason enough to investigate the relevance of such payments.

However, it is critical that communities, such as those of the Furneaux Group, that rely on such concessions and payments, are not disadvantaged by these recommendations.

In 2018, Flinders Council commissioned a study into the economic, business and social structure of Flinders Island. This report identified the following 5 immediate challenges faced by our community:-

1. There is a quantifiable disadvantage of between \$346 -\$612/per household per week associated with living on Flinders Island, depending on dwelling structure.
2. That Flinders Island will need to grow its population if it is to sustain the amenity, quality of life and opportunity it has enjoyed in the past.
3. That Flinders Island will likely reach a 'tipping point' in 7 years, in which its own population will not be able to maintain essential public and private services, because its resident working population will reduce to fewer than 472 people.
4. The costs of providing services (infrastructure related and social services, residents and visitors, public and private) will grow and Flinders Island will become increasingly dependent on outside resourcing. Government intervention could potentially be a 'last resort', if sustainable structural funding models are not realized and due weight not put on factors of 'remoteness'.
5. Developing future opportunities for a sustainable future will require investment in infrastructure, solutions to housing, and innovative approaches to fit-for-purpose regulation.

We have an aging population on our island, and the percentage of residents aged between 5 and 44 has decreased from 39 to 33%. In only 12 years' time, a little more than just one in 4 people –or 238 individuals -will be under 45 years old. We need to attract younger people and tax concessions and payments are just one of the methods that we utilise.

Transport and travel costs for people living on Flinders Island are high. Residents on Flinders Island face fuel prices that are significantly higher than on mainland Australia. For example, on 4 January 2019, the price of regular unleaded petrol at a petrol station in South Melbourne was 109.90 per litre compared to 186.90 on Flinders Island. Even getting to and from the mainland is an expensive undertaking with a round trip to Launceston costing just under \$400, compared to a Melbourne to Sydney round trip being in the range of \$120-160.

To avoid either a higher cost to service the needs of residents and/or a lower overall standard of living into the future, it is imperative that action is taken by government to encourage young people, with appropriate incentives to move to Flinders Island.

I would like to re-iterate that small communities such as those on Flinders Island and others in the Furneaux Group should not be disadvantaged by any changes to remote area tax concessions and payments. Remote communities already face a number of disadvantages when compared to other areas of Australia. The Government should be encouraging people and business to divest from the over-burdened cities and support the development and continuation of our remote and rural areas.

Yours sincerely

Rachel Summers
Acting Mayor

