14th July 2013

The Commissioner of Taxation
PO Box 1271
ALBURY NSW 2640

Dear Sir,

Zone Tax Rebate – Derby WA

Derby is located in the Kimberley of Western Australia approx. 220 km's north of Broome.

As a resident and local Accountant it has become clear that the cost of living in Derby is extremely high based on its location, however, is still classified in Zone A of the Zone Tax Rebates as it is within 250kms of Broome WA. Residents in Derby currently can only claim under Zone A for tax purposes which entitles them to a remote area zone rebate of $338.00.

I would like to make an application to have Derby classified under Zone X (Special) in line with Fitzroy Crossing WA and Halls Creek WA which would be comparative towns to Derby which will allow residents to claim a remote area zone rebate of $1,173.00 (an additional $835.00 p.a.).

Could you please advise the process that is required to make the necessary applications?

Your assistance in this regard would be appreciated.

Yours faithfully,

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Stewart Milne
Accountant

Cc   Honorable Mr Barry Haas (MP)   Ms Elsia Archer
       Local Member of Parliament   The Shire President
       Durack WA   Shire of Derby Western Australia

Tax Zone Rebate

I have been a resident in Derby since 2011, and in my capacity as an Accountant in the Kimberley, I am aware of the high cost of living remotely and the vast distances between towns. I have been canvassing our politicians and representatives alike to review the current tax zone rebates that are provided via our tax system.

I regularly travel through the Kimberley and I see the effects of the cost of living in remote areas. I believe there is urgent need to provide tax relief through zone rebates and I am seeking public support to gain momentum to have this valid issue reviewed.

There have recently been a number of enquiries made into the high cost of airfares and insurances in remote areas. With the high cost of living in the Kimberley highlights the need for the zone allowances to be reviewed and increased to provide tax relief to those residents living and working in the Kimberley.

The Taxation Zone Rebate was introduced in 1945 and is an income tax concession which recognises the disadvantages to residents in 'specific areas' of Australia. These disadvantages according to the Australian Income Tax Assessment Act include uncongenial climatic conditions, isolation and the high cost of living compared to those of other parts of Australia. The zone tax offset has remained constant for **23 years** (since 1993) when it was last reviewed despite changes in the CPI.

These 'specific areas' consist of two zones. Zone A includes nearly the entire continent above the 26th parallel and some offshore islands with the exception of approximately 50% of eastern Queensland. Zone B which is deemed to be less remote includes the remainder of the continent except for highly populated areas. There are also Special areas in both zones that are deemed to be 'most remote', which are more than 250 kilometres from the nearest urban centre with a population 2,500 or more, as at the 1981 census.

The Zone rebate currently consists of two parts, a fixed amount of $57 for Zone B, $338 for Zone A, and $1,173 for Special Areas in both Zones; and an additional amount based on a percentage of certain rebates for dependents, 20% for Zone B and 50% for Zone A and the Special Areas.

Derby is located 220 km's from Broome (within the 250km radius) and therefore misses out on the higher zone rebate. This is a disadvantage to Derby residents as it is considered a remote town and should be rezoned as Zone A (Special) - the same as Fitzroy Crossing, Halls Creek and Kununurra. In July 2013, I had communications with the Commissioner of Taxation with regards to the zone offsets specific to Derby. The matter was referred back saying that it was a matter for the legislation to be changed. Despite writing to our Local Member of Parliament twice and raising the matter at the Kimberley Economic Forum held in Derby in 2015, I have had no response. Northern Australia has been ignored as it only consists of 1% of our population.

Costs of living have increased dramatically since 1993 through inflation. The current zone rebates are outdated and unreasonable and this needs to be supported by the residents in the Kimberley and remote areas of Australia.

I ask that residents in the Kimberley raise this with our Federal representatives to have the matter reviewed in Canberra as it will have a positive financial impact on all working Australians residing in remote areas in general and the Kimberley in-particular.

Stewart Milne

8th March 2018

Reference Material

1) There was a review made by Fullerton, A. in 2014 – "A Study of Australasia's Tax Rebates for Residents in Isolated Areas" which was published in the Journal of the Australasian Tax Teachers Association 9(1).

2) This was also noted on page 129 of the Productivity Commission Telecommunications Universal Service Obligation Inquiry Draft Report in April 2017 - made mention that this is not a measure specifically designed to address affordability of telecommunications in remote areas.