

Submission to the

Australian Government
Productivity Commission
Inquiry on
Remote Area Tax Concessions and Payments



**Queensland
Police Union**

October 2019

Contents

	Page
Foreword	3
1.0 The Queensland Police Union of Employees	6
2.0 The Queensland Police Service	6
3.0 The Queensland Police Service in Regional Queensland	6
4.0 The Inquiry and Background	6
4.1 Scope of the report	7
4.2 Draft Recommendations	8
5.0 Current Arrangements	8
5.1 Employer-provided housing	9
5.2 Employee-sourced housing	9
5.3 Other remote concessions and exemptions	9
5.4 Remote area concessions apply broadly across most of Australia	10
6.0 QPS provision of employee accommodation	11
7.0 Attracting Police Officers to Regional Queensland	13
7.1 Ensuring community safety	13
7.2 Operational Requirements for QPS	13
7.3 Queensland Government Advice	14
7.4 QPU Position	14
8.0 A Queensland Police Officer Perspective	14
8.1 Higher Cost of living	15
8.2 Higher levels of levels of socio economic disadvantage	16
8.3 Remoteness of Regional Queensland	17
8.4 Other considerations	17
8.5 Remote area housing concessions can be of significant value to Police Officers	18
8.6 Impact on Reportable Fringe Benefits Amounts	18
8.7 QPU Position	18
9.0 Promoting Regional Economic Development to ensure lower crime	20
9.1 Regional Economic Development and Crime	20
9.2 QPU Position	21
10.0 Technical FBT Implications of Proposed Changes	22
10.1 Housing Exemption – Reduction from 100% to 50%	22
10.2 Housing Exemption – Removal for police officers in certain areas	23
10.3 Housing Exemption – Removal of ‘customary’ condition	24
10.4 Housing 50% Reduction – Removal	25
10.5 Residential Fuel 50% Reduction - Limitations introduced	25
10.6 Holiday Transport – Removal	25
11.0 Strategies and Recommendations for Preserving or Improving the Existing FBT Concessions	26
11.1 No changes	26
11.2 If changes: ensure no Reportable Fringe Benefit	27
11.3 If changes: recommend extension of existing FBT exemptions to Police	27
11.4 Propose no changes plus additional exemptions for Police officers	27
Appendices	
Appendix A - QPS - Location of Officers by Region and Rank	29
Appendix B - List 1 QLD Remote areas per ATO	30
Appendix C - List 2 QLD Remote areas per ATO – Certain Employers (including QPS)	31
Appendix D – Additional remote areas currently applicable to police officers	32

Foreword

The Queensland Police Union of Employees (QPU) welcomes the opportunity to provide a submission to the Australian Government Productivity Commission's Remote Area Tax Concession and Payments review.

Every day Queensland police work tirelessly to ensure the safety and security of our community. Police officers around the state show courage and dedication in exercising their duties. Police don't seek credit for this work, it is their job, however they do reasonably expect to be compensated for their time, expense and sacrifice in performing their duties.

In 2018 -19 the Queensland Police Service (QPS) and QPU's members provided community safety for over 2.3 million Regional Queenslanders across a land area of 1,727,050 square kilometres delivering:

- approximately 360,391 hours of proactive patrols;
- approximately 321,420 hours of traffic enforcement; and
- A response to more than 822,900 calls for service.

At the same time the regional townships that police officers were required to provide community safety in were typically:

- more expensive to live in;
- had higher levels of socio economic disadvantage; and
- were more remote with resulting accessibility issues.

For these reasons it can be extremely difficult to attract police to serve in Regional Queensland and the QPS and QPU members rely extensively on FBT concessions to offset these issues and to increase the attractiveness of placement. In addition the QPS in many instances due to operational necessity stemming from a lack of appropriate and affordable housing stock and rental options is forced to provide accommodation.

The FBT remote area concessions are essential for Queensland police and in turn community safety. All Queensland communities regardless of their location have an expectation and a right for Governments of all tiers to provide for community safety.

Any restriction or reduction in the FBT remote area concession is likely to impede Queensland Police's ability to provide adequate policing in remote and Regional Queensland. The Queensland Public Safety Business Agency estimates the total additional FBT and RFBA implications of the Productivity Commission's draft recommendations to the employer (QPS) and police officers is \$5,065,348 and \$13,627,918 respectively.

The QPU notes the Productivity Commission report and draft findings but highlights the QPS (and other emergency services) are truly unique. The limitations cited in the draft Productivity Commission report regarding existing arrangements are not sufficient enough to withdraw the concessions for police officers.

As part of QPU's response to the Productivity Commission's Draft Report, the QPU commissioned BDO to provide technical content in relation to the application of Fringe Benefits Tax ('FBT') to Remote Areas, including an emphasis on how the current FBT remote area concessions applies to police officers (section 10).

Further, in response to the Productivity Commission's Draft Report, the QPU has outlined the FBT consequences of the proposed changes to the FBT legislation (section 10). The QPU has also considered strategies and recommendations for preserving or improving these FBT concessions for police officers (section 11).

The Queensland Police Union acknowledges and thanks respected Economist, Nick Behrens, Director, Queensland Economic Advocacy Solutions for his invaluable, precise and tireless work in assisting to produce this report.

We thank the generous assistance given to the QPU by the Queensland Police Service in assisting with this submission.

We also acknowledge BDO for their in-depth technical assistance.

The following is the Queensland Police Union's response to the Productivity Commission's draft report.

Yours sincerely,

Ian Leavers
General President & CEO
Queensland Police Union
11 October 2019

The Queensland Police Union's Recommendation:

The Queensland Police Union recommends the Productivity Commission aid in the battle to maintain, attract and retain a law enforcement presence in regional and remote Queensland to ensure communities can be kept safe and help fight crime, by ensuring police are able to be located in the remote regional communities of Queensland through the retention of FBT remote area concessions.

In the extraordinary circumstance where this is not to occur then a case for a police officer exemption can clearly be made on the basis of public interest.

Table 1: Summary: Technical advice on application of Fringe Benefits Tax ('FBT') to Remote Areas

Topic	Details	Comments	Para Ref
Fringe Benefits Tax ('FBT') Implications of Proposed Changes	<ol style="list-style-type: none"> 1. Housing Exemption – Reduction from 100% to 50% 2. Housing Exemption – Removal for police officers in certain areas 3. Housing Exemption – Removal of 'customary' condition 4. Housing 50% Reduction – Removal 5. Residential Fuel 50% Reduction - Limitations introduced 6. Holiday Transport – Removal. 	<p>The proposed changes relating to Employer provided housing directly impacts Police officers, by reducing the number of areas taken to be remote. Therefore, removal can occur of the Housing Exemption in those areas, being 55 areas (see listing in Table 9 in the report). Per Appendix D of the report, we have broadly estimated that this will impact at least 2,171 police officers; for this proposed change alone.</p> <p>Further, removal can also occur in these areas of the Residential Fuel 50% reduction, since it requires a remote area housing benefit to exist.</p> <p>In the remaining areas (being another 87 areas), the 100% exemption will be reduced to 50%, (and potential changes to the 'remote' definition may further limit areas where concession available); being a significant reduction to the concession.</p> <p>Noting also that where the employer QPS qualifies for the FBT housing exemption on the basis of the condition that it is customary to do so, then where this condition is removed, the employer QPS will have no entitlement to the FBT exemption whatsoever. This means that:</p> <ul style="list-style-type: none"> • Regardless of the location of the housing, QPS will not be eligible for an FBT exemption for any housing provided to police officers (ie all 142 areas removed). • QPS will also not be eligible for the Residential Fuel 50% reduction in relation to any housing provided. <p>Please note that we are not currently privy to QPS employer information, as outlined in Section 10 on scope.</p>	<p>10.2</p> <p>10.2</p> <p>10.5</p> <p>10.1</p> <p>10.3</p>
Strategies and recommendations for preserving or improving the existing FBT concessions	<ol style="list-style-type: none"> 1. No changes 2. If changes, ensure no Reportable Fringe Benefit 3. If changes, recommend extension of existing FBT exemptions to Police Officers 4. Propose no changes plus additional exemptions for Police officers. 	<p>Recommendation – No Changes:</p> <p>This submission is that there be <u>no changes</u> to the existing FBT Remote Area concessions.</p> <p>Otherwise, additional costs will be incurred by the employer QPS as follows:</p> <ol style="list-style-type: none"> i. FBT: FBT will arise on the fringe benefits ii. Payroll Tax and WorkCover: These fringe benefits will also be subject to Payroll Tax and WorkCover in Queensland iii. Administration costs: The employer will have increased costs in administering FBT, Payroll Tax and WorkCover compliance; such as information gathering, calculations, record keeping, etc. <p>The more costs on the employer, the less likely the employer can continue to provide these benefits to the employee (Police Officers).</p>	11.1
Strategies and recommendations for preserving or improving the existing FBT concessions (Continued...)		<p>Further submissions where changes made:</p> <p>Where changes are to be made, we submit that the existing exclusions in the FBT legislation for Reportable Fringe Benefits are preserved and extended. This is to ensure that the changes do not result in Reportable Fringe Benefits.</p> <p>We further submit that where changes are to be made, that the existing exemption for certain employers in the FBT legislation, be extended to the employer for Police Officer services.</p> <p>In addition to our submission that there be no changes to the existing FBT Remote Area concessions, we further submit that the exemptions available for FIFO workers be extended to Police Officers (which covers Meals, Transport, Housing and Residential Fuel).</p>	<p>11.2</p> <p>11.3</p> <p>11.4</p>

1.0. The Queensland Police Union of Employees

The Queensland Police Union of Employees (QPU) represents the 11,717 members of the Queensland Police Service (QPS) on legal, economic and legislative issues. The QPU strives to advance, enhance, and promote the profession of policing and contribute in a positive way to the wellbeing of the community.

2.0. The Queensland Police Service

The Queensland Police Department was established by the Police Act of 1863, which took effect on 1 January 1864. Under the Police Service Administration Act 1990, the Queensland Police Force became the Queensland Police Service (QPS).

The QPS is the primary law enforcement agency for Queensland. It fulfils this role throughout the state, 24 hours a day, seven days a week, upholding the law and providing assistance to the community particularly in times of emergency, disaster and crisis.

The QPS vision is to deliver safe and secure communities through collaboration, innovation and best practice and its stated purpose is to stop crime, make the community safer, including reducing road trauma, and build relationships with the community.

Under the Police Service Administration Act 1990, the QPS is responsible for:

- preserving peace and good order in all areas of Queensland
- protecting and supporting the Queensland community
- preventing and detecting crime
- upholding the law
- administering the law fairly and efficiently
- bringing offenders to justice.

3.0 The Queensland Police Service in Regional Queensland

QPS delivers services across the length and breadth of Queensland and from various locations across the state including: 335 Police stations, 58 Police watch houses, 88 Police neighbourhood beats and shopfronts, 15 District offices, 6 Headquarters and regional offices and 14 Communication centres.

Key QPS statistics for 2018-19 relevant to Regional Queensland include:

- QPS provided community safety for approximately 2.3 million regional Queenslanders across a land area of 1,727,050 square kilometres;
- QPS delivered approximately 360,391 hours of proactive patrols in Regional Queensland;
- QPS delivered approximately 321,420 hours of traffic enforcement in Regional Queensland; and
- QPS responded to more than 822,900 calls for service in Regional Queensland.

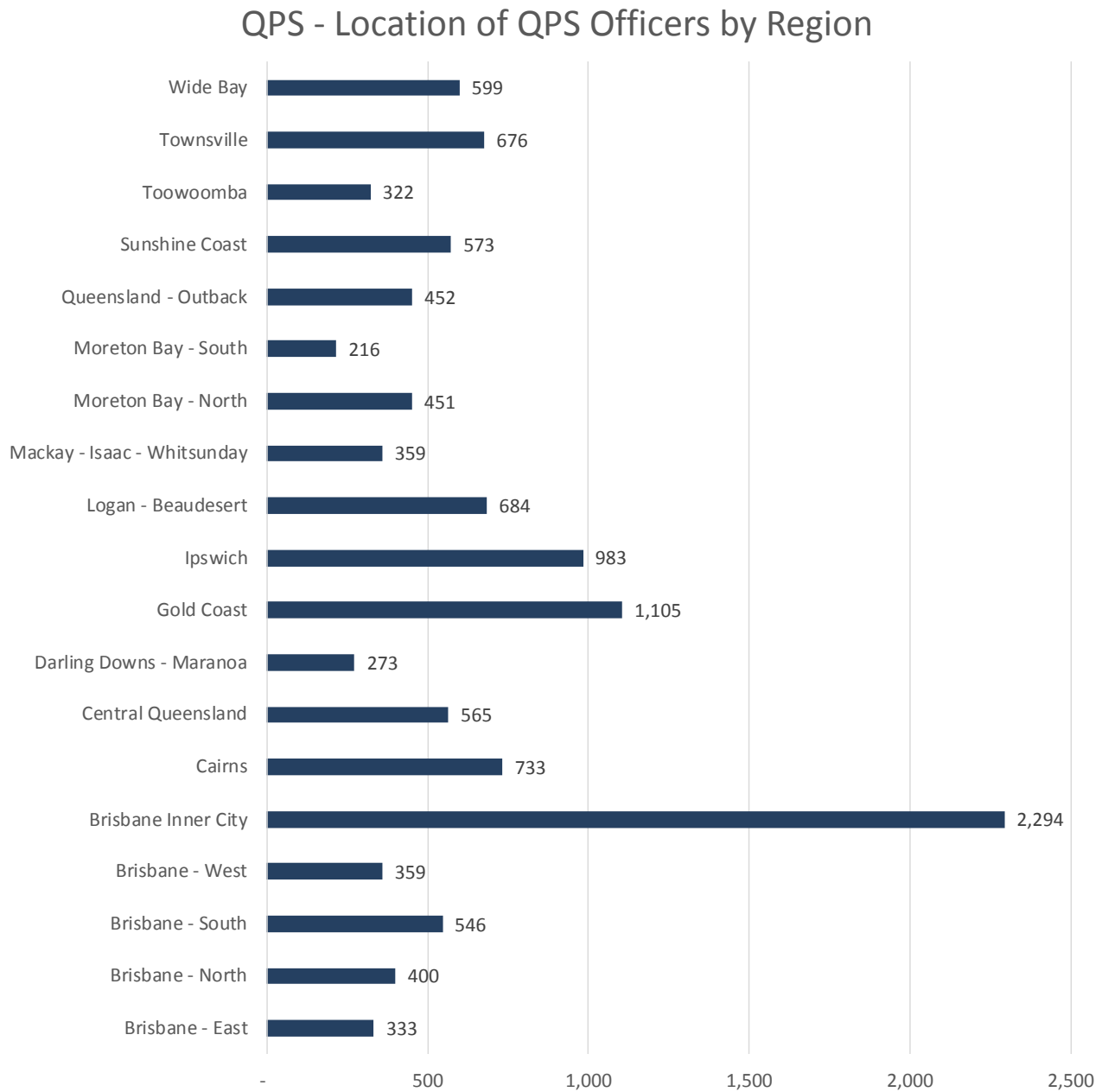
Approximately one third (3,979) of Queensland's 11,923 police officers are stationed in Regional Queensland (figure 1) on the next page. Further details are provided in Appendix A.

4.0 The Inquiry and Background

The Australian Government provides assistance to Australians who reside in specified geographic areas through the zone tax offset, the fringe benefits tax (FBT) remote area concessions and the Remote Area Allowance.

The eligible zones for the zone tax offset were originally established in 1945 and were based on exposure to uncongenial climatic conditions, isolation or a relatively high cost of living. The zones still largely reflect the original design in 1945, notwithstanding the demographic and infrastructure changes that have occurred in regional Australia in recent decades. The areas eligible for FBT remote area concessions are partly determined by reference to the zone tax offset boundaries, and the Remote Area Allowance is available to recipients of Australian Government income support payments who live in specified zone tax offset areas. There have been concerns that the design of these mechanisms has not evolved to adequately reflect varying degrees of demographic, infrastructure and cost-of-living change occurring in Australia.

Figure 1



Source: Queensland Police Service

4.1 Scope of the Productivity Commission report

The Productivity Commission has been asked by the Australian Government to determine the appropriate ongoing form and function of the zone tax offset, FBT remote area concessions, and Remote Area Allowance. In conducting this review, the Productivity Commission is to:

- examine the operation of the zone tax offset and FBT remote area concessions, including the levels of assistance provided, indexation and the boundaries of eligible areas and prescribed zones;
- examine the economic and employment impacts of the zone tax offset, FBT remote area concessions, and Remote Area Allowance, including the effect of applying indexation, in regional Australia;
- examine the operation of the Remote Area Allowance, which extends the benefits of the zone tax offset to income support recipients in remote zones;

- consider whether the zone tax offset, FBT remote area concessions, and the Remote Area Allowance are delivering on their policy objectives and whether those objectives remain appropriate in a contemporary Australia;
- consider if businesses in remote areas should be provided with similar support; and
- consider if there are alternative mechanisms to better provide this support to Australians residing in specified geographic areas.

4.2 Draft Recommendations

In its draft report the Productivity Commission has indicated the following proposed changes to the design of FBT remote area concessions.

Table 2 Proposed changes to FBT remote area concessions

	Existing concessions	Proposed changes
Employer-provided housing	Exemption from FBT for employer-provided housing in designated remote areas (FBTAA, s. 58ZC)	<ul style="list-style-type: none"> • Change the exemption to a 50 per cent concession • Remove the provision that enables employers to claim the concession because it is 'customary' to provide housing (s. 58ZC(2)(d)(iii)) • Remove the extension of the concession to additional areas for 'certain regional employers' (s. 140(1A))
Employee-sourced housing	Partial (50 per cent) concession on other forms of housing assistance in designated remote areas (FBTAA, s. 60)	<ul style="list-style-type: none"> • Remove the partial concessions on employee-sourced housing
Residential fuel	Partial (50 per cent) concession for residential fuel used in housing that attracts an FBT remote area concession (FBTAA, s. 59)	<ul style="list-style-type: none"> • Limit access to the concession for use in conjunction with employer-provided housing to instances where there is an operational requirement for the employer to provide residential fuel (s. 59(1)) • Remove the concession for use in conjunction with employee-sourced housing (s. 59(2) and (3))
Holiday transport	Partial (50 per cent) concession on return holiday transport to specified destinations. (FBTAA, s. 60A and s. 61)	<ul style="list-style-type: none"> • Remove the holiday transport concession

The Commission is seeking further information to understand how these would 'play out' in specific remote areas and accordingly these are the primary issues in which the QPU wishes to respond.

5.0 Current Arrangements

At present under the FBT regime, employers may claim tax concessions for some goods and services provided to employees working in designated remote areas. The remote area concessions take two different forms:

- exemptions, whereby the good or service is not subject to any FBT; and
- partial concessions, whereby (in most cases) the taxable value of the good or service is reduced by 50 per cent for FBT purposes.

Remote area concessions can be further grouped into two categories (Table 3):

- concessions (both partial concessions and exemptions) on housing used by employees in remote areas as their usual place of residence; and
- other concessions for employees in remote areas.

Table 3: A snapshot of the FBT remote area concessions

Housing for remote area residents	
<p>Exemptions</p> <ul style="list-style-type: none"> • Employer-provided housing that is an employee's usual place of residence 	<p>Partial (50 per cent) concessions</p> <ul style="list-style-type: none"> • Other housing assistance where employees source their own accommodation, including rent reimbursement, mortgage interest and other employee home ownership arrangements
Other remote area concessions	
<p>Exemptions</p> <ul style="list-style-type: none"> • Meals provided to primary production employees 	<p>Partial (50 per cent) concessions</p> <ul style="list-style-type: none"> • Residential fuel (for use in properties where the remote area housing concessions are used) • Holiday transport

5.1 Employer-provided housing

Employer-provided housing in specified remote areas, for use as an employee's usual place of residence, is exempt from FBT. Housing is classed as employer-provided where the employer either owns the property or holds the lease on the property in its own name. To be eligible for the exemption, the accommodation must be deemed necessary under one of three legislative tests. The FBTA, s. 58ZC(2)(d) defines accommodation as necessary if:

- the nature of the employer's business is such that employees are liable to be required to frequently move from one residential location to another;
- there is insufficient suitable accommodation available near the place of employment (other than that provided by the employer); and
- it is customary for employers in that industry to provide free or subsidised accommodation for employees.

5.2 Employee-sourced housing

Employers can also supply other forms of housing assistance to an employee whose house is their usual place of residence and is located in a designated remote area, but is not provided by the employer. (These forms of housing assistance are referred to as 'employee-sourced housing'). As specified in s. 60 of the FBTA, they include:

- payment of rent, where the property is leased directly by the employee
- payment of mortgage interest on the employee's residential property
- other forms of housing assistance, including loans to employees, provision of land to build on, and payments for option fees or repurchase consideration payments related to buyback provisions under home ownership schemes.

These attract partial FBT concessions, and in most instances their taxable value is reduced by 50 per cent. However, for reimbursement of an employee's rent (s. 60(2A) of the FBTA), the taxable value of the reimbursement is reduced by 50 per cent of the gross rent. This means that, if the employer reimburses an amount less than the total rent, the reduction in taxable value will be greater than 50 per cent — and can be 100 per cent if the employer reimburses no more than 50 per cent of the employee's gross rent.

For the concessions on assistance with employee-sourced housing to apply, one of the three legislative tests described above must be satisfied to show that the assistance is necessary. However, the legislation contains an additional requirement that the housing assistance be customary in the industry, which essentially renders the necessary provision redundant and notionally limits access to the concession to employers in particular industries.

5.3 Other remote concessions and exemptions

Other remote FBT concessions and exemptions include:

- Residential fuel. Section 59 of the FBTA includes a 50 per cent concession on the provision of residential fuel (electricity and gas). It also applies where the employer reimburses employees' expenditure on residential fuel. The concession can only be used with a unit of accommodation that qualifies for either an employer-provided housing exemption or a particular partial concession on employee-sourced housing.

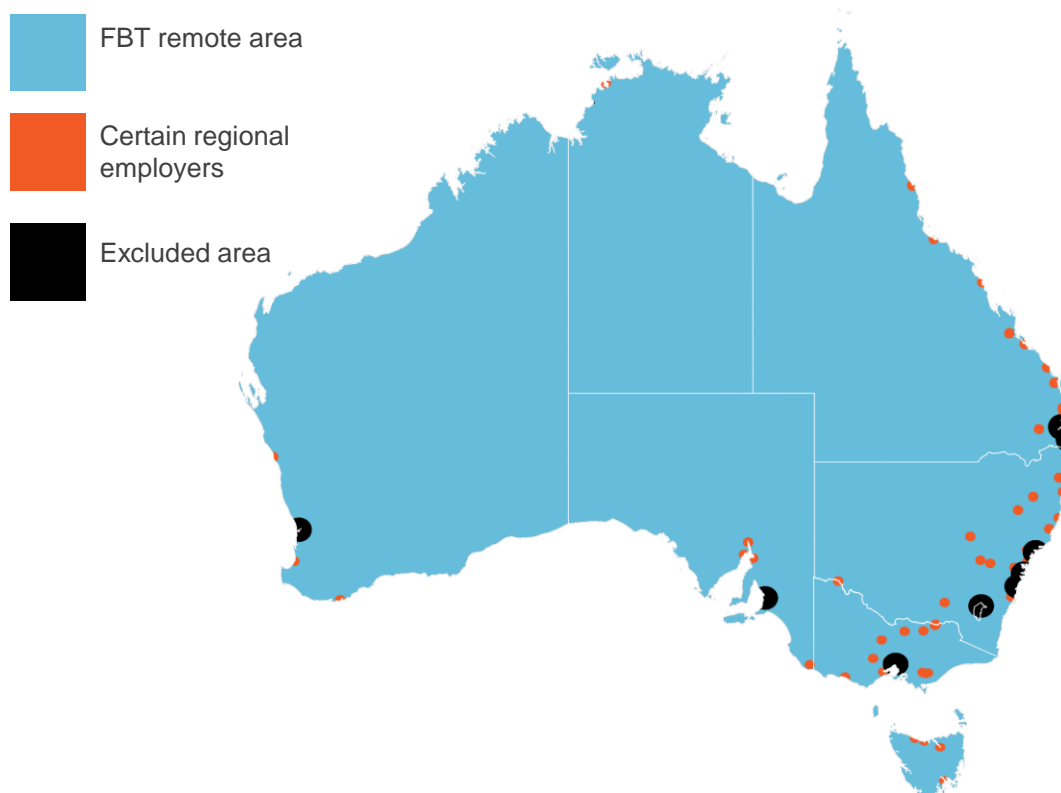
- Holiday transport. The provision of holiday transport to remote area employees can qualify for 50 per cent concessions under ss. 60A and 61 of the FBTA. These concessions are capped, and are restricted to employees for whom the entitlement is specified in an award or it is an industry custom. In these cases, the concession can apply to return travel exceeding three working days, either to the employee's previous location of residence or to the capital city in the state where they work. If employees are not travelling to these destinations, the concession will only apply to an amount equivalent to travel to the state capital. Holiday transport can also include the provision of accommodation, meals and incidentals used while in transit. Further, the concession applies to designated family members when they live with the employee in a remote area, or when they are travelling for the purpose of meeting the employee.

5.4 Remote area concessions apply broadly across most of Australia

Eligibility for the FBT remote area concessions is determined by the employee's distance from 'eligible urban areas', places that had sufficiently high populations in the 1981 Census. The population threshold that defines an eligible urban area is higher if the urban area is located in a zone tax offset (ZTO) zone.

- In ZTO Zone A or B, for a location to be remote for FBT purposes it must be at least 40 km from an 'eligible urban area' of 28 000 or more people and at least 100 km from an eligible urban area with a population of 130 000 or more.
- Outside Zone A or B, for a location to be remote it must be at least 40 km from an eligible urban area with a population of 14 000 or more and at least 100 km from an eligible urban area with a population of 130 000 or more.
- For exempt remote area housing provided to employees of certain regional employers (essentially public hospitals, charities and police), any location at least 100 km from an eligible urban area with a population of 130 000 or more counts as remote.

Figure 2: FBT remote areas cover most of Australia

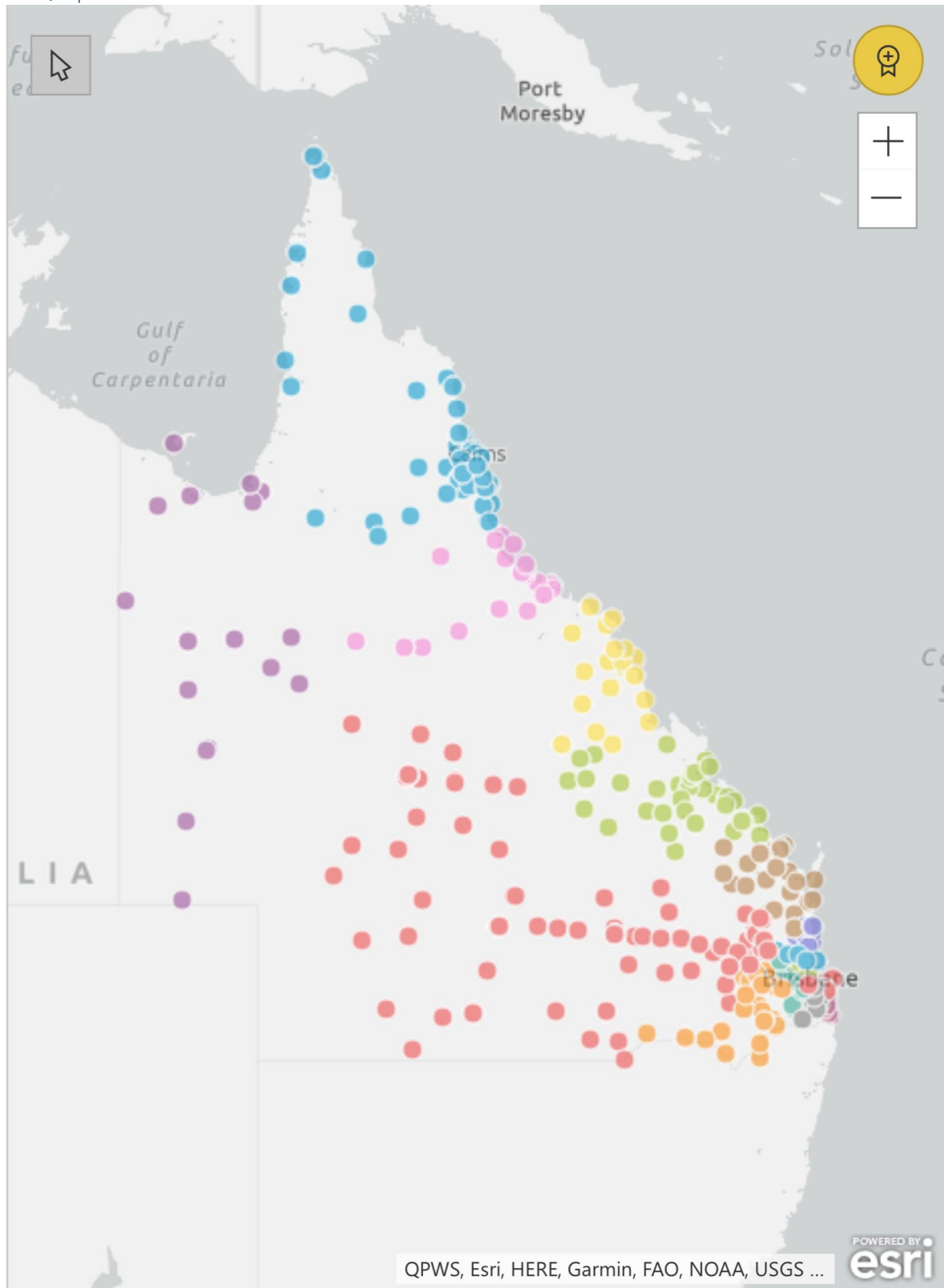


Source: Commission estimates.

6.0. QPS provision of employee accommodation

The QPS and its police officers are major users of the FBT remote area concessions. Figures 3 and 4 provide an overview of a report extracted from the QPS housing database displaying every unit of QPS Housing (that is, housing made available for occupation of QPS employees). Please note that some of these facilities may be multi-tenanted (i.e. 3 officers residing together in the same residence), and therefore does not necessarily represent the number of police officers residing in police accommodation.

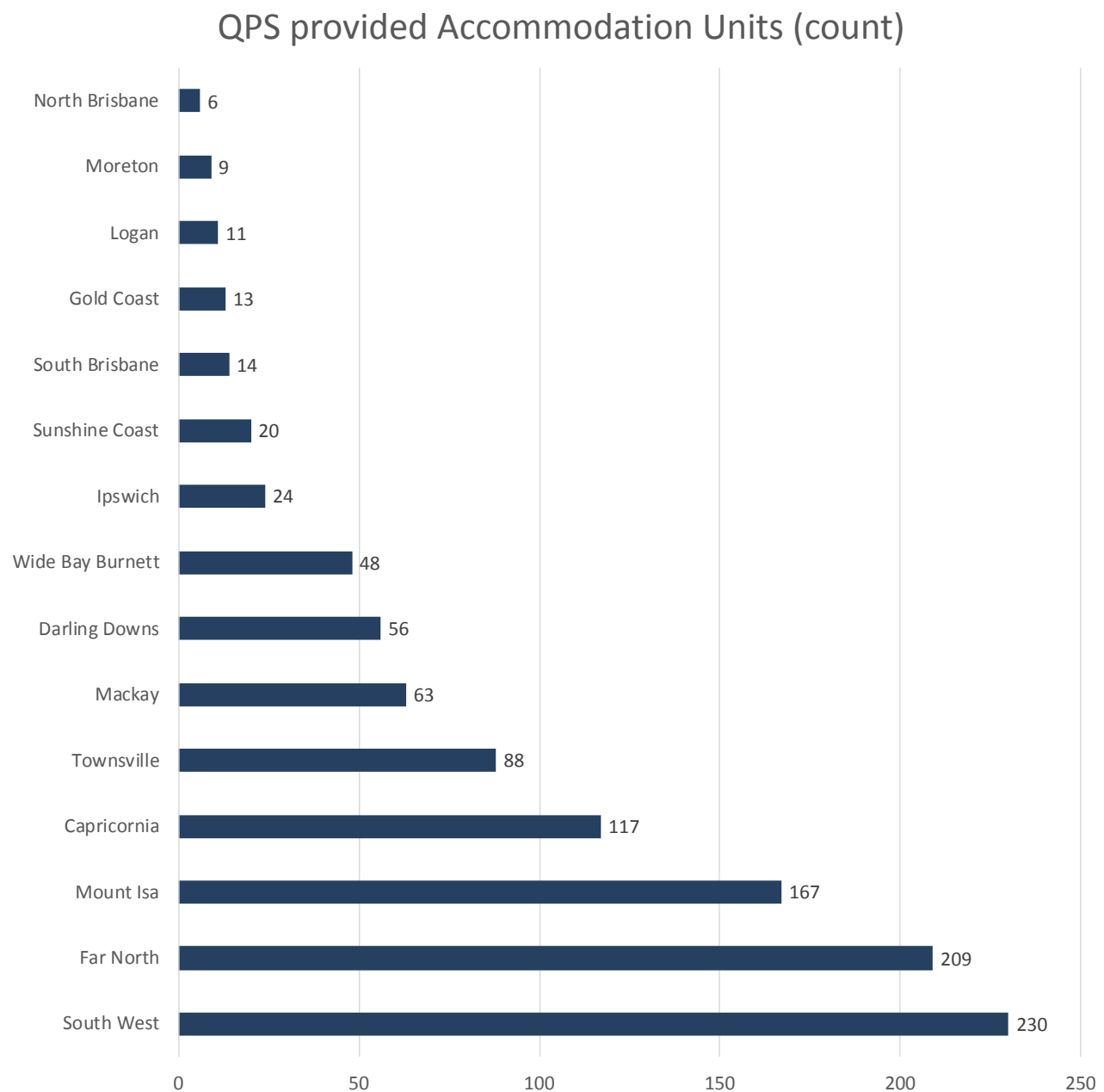
Figure 3 QPS provided accommodation units



Source: Queensland Police Service

978 accommodation units (or 91 per cent) of QPS's total 1,075 housing stock are provided to police officers in Regional Queensland which is consistent with the Productivity Commission finding that the majority of FBT concessions for housing originate from remote areas in Australia (Figure 4). This information is available at a postcode level if the Productivity Commission requires.

Figure 4



Source: Queensland Police Service

On the issue of why the QPS provides accommodation the QPS had this to say:

“The challenges experienced in attracting and retaining police officers to rural / remote and in some cases regional locations is well known. The QPS does utilise 1st and 2nd year postings to fill some of these vacancies, however we are also seeing increasing levels of grievances (and in some cases, resignations) being submitted when FYCs are posted to rural/remote locations. There are a multitude of reasons why police are not attracted to rural/remote policing locations. The provision of QPS Housing (highly subsidised) remains one of the biggest incentives in attraction/retention.”

Source: Queensland Police Service

These issues are canvassed more fully in sections seven and eight of this submission.

7.0 Attracting Police Officers to Regional Queensland

7.1 Ensuring community safety

In order to continue to deliver a safe community for regional Queenslanders it is vital QPS has the skills and expertise that is needed. The QPS contributes to the Queensland Government's responsibility for delivering frontline services and supporting safe, caring and connected communities. The QPS does this through its focus on:

- Stopping crime
- Making the community safer
- Strengthening relationships with the community.

The QPU adds that Natural Disasters such as floods, cyclones and bushfires disproportionately affects regional and remote areas of Queensland and requires significant involvement of police.

Each of these requires police officers on the ground and quite simply there is no substitute for it.

Many of the submissions lodged to the Inquiry have highlighted the need for regional employers to attract employees and the FBT remote concession is central to that outcome. The QPS is no different to these employers with the exception that it is providing for law and order.

The FBT remote area concessions remains a proven way of incentivising police officers to relocate (either permanently or temporarily) to regional Queensland for the QPS. An employee who is provided with a number of benefits to entice relocation, including remote area housing funded by their employer (or through salary packaging, enabling a real ongoing personal tax saving) at no tax cost, may be in a financially improved position compared to if they remained in their original place of residence and accordingly an 'incentive' is created.

On the issue of difficulty of attracting police officers to Regional Queensland and the impact it has on police effectiveness the QPS had this to say:

Obviously, difficulties are faced in resourcing remote communities the lack of resourcing causes the need to triage situations which then reduces the ability to effectively target and disrupt criminal networks and does not allow sufficient resourcing to pursue other matters as they should be pursued (i.e. child protection). Doomadgee for instance has been advertised 4 times this year in the gazette with accompanying state-wide notifications. On two occasions there were no applicants, on another occasion the sole applicant withdrew.

Locations in the Cape area are also difficult to fill, Aurukun being probably the most notable and last year resourcing was reliant upon FIFO arrangements which led to fatigue issues for both the officers stationed at Aurukun and those who were providing the FIFO relief. Attempts have been made to fill positions at Aurukun through the second year constable allocations and these attempts have not been very successful due to grievances, and in one case, the resignation of an officer to avoid the allocation.

Whilst probably difficult to imagine, some divisions within the Atherton Tablelands have also proven difficult to fill and have had to be advertised several times with accompanying state-wide notifications. By example, Georgetown has been advertised 4 times this year. Even Kuranda has experienced difficulties in filling positions.

Source: Queensland Police Service

7.2 Operational Requirements for QPS

The provision of some goods and services (including housing) is an operational requirement, and it would not be appropriate to tax them as if they were provided in lieu of wage income. This is because the full FBT rate acts to penalise and discourage the provision of goods and services in favour of wage income. However, in cases where provision of the good or service is unavoidable such as housing this creates a larger tax obligation than if the employee was paid the equivalent in wage income. Due to housing stock and police officer tenure QPS often has no other choice than to directly provide accommodation itself.

The shortage of housing in remote Queensland has meant it is necessary and customary for the QPS to provide housing to police officers. At the same time it is unrealistic to expect police officers to buy or seek long term rental in a community when their placement may only be temporary. In addition when seeking longer term accommodation it can be difficult to source tenancy to align with placement at an affordable price. Accordingly the provision of housing is not an employee benefit in the sense of that term applying to non-salary forms of remuneration.

7.3 Queensland Government Advice

Advice provided by Queensland Government's Public Safety Business Agency (PSBA) of the potential impacts of Commission's recommendations to housing benefits and remote area arrangements currently provided to employees of the public safety entities (PSE's) but in particular the QPS and Queensland Fire and Emergency Services (QFES) is provided below.

PSBA has identified that the proposed changes raised in the draft report would give rise to the following issues for the PSE's:

- Adverse impact on operational efficiencies due to significant budgetary impacts on QPS and QFES to provide the same level of incentives to encourage employees to take up postings in regional and remote areas;
- Diminished incentives for employees, in particular front line staff, to take up postings in regional and remote areas due to the adverse reportable fringe benefits amounts (RFBA) impact for remote housing benefits, in addition, to possible reduced benefits provided by PSEs mentioned above;
- Timing issues with proposed changes - employee entitlements are governed by agreements between PSEs and Unions (and clauses within Enterprise Bargaining Agreements) which often involve a lengthy consultation process;
- Adverse FBT implications to PSEs and flow on effects to RFBA on employee summaries due to remote area concession reductions for both employer-provided housing and resident assistance; and potential remote area zoning and listing changes;
- Additional administrative burden on PSEs, PSBA and QSS Taxation having to track the relevant tenancy information down to an employee level for all remote benefits; and
- Total estimated additional FBT and RFBA implications to the employer (QPS) and employees by the Queensland Government's Public Safety Business Agency is \$5,065,348 and \$13,627,918 respectively.

In summary based on Public Safety Business Agency's assessment if the proposed changes are enacted, it is expected that the financial impacts will be significant and a number of employees, especially police, will be adversely impacted financially.

7.4 QPU Position

The design of the FBT regime means that employers have limited incentives to provide housing unless they can claim a concession. In the absence of the concessions, housing might not be provided. The unintended consequence of the Commission's recommendation to reduce the FBT concession for employer provided accommodation from 100 per cent to 50 per cent and change the area may be to force QPS to cease to provide housing for police officers in turn jeopardising community safety.

The Commission has estimated the value of the exemptions (in terms of forgone FBT revenue) for employer-provided housing (as usual place of residence) to be between \$210 million and \$430 million and changing to a 50 per cent concession would exactly halve these estimates. The QPU believes that the QPS share of this amount would appear to be a very good investment by the Australian Government for helping ensure community safety.

8.0. A Queensland Police Officer Perspective

As indicated in section 7 there are significant challenges in attracting and retaining police officers in regional and remote Queensland. Why this is the case is largely down to three issues:

- Regional Queensland (excluding housing) is typically more expensive to live in;
- Regional Queensland has higher levels of socio economic disadvantage which is of significance for police officer's family; and
- Regional Queensland is more remote with resulting accessibility issues.

These issues are more pronounced in more remote areas in Queensland, which face significant challenges attracting and retaining officers. Tax and financial incentives have been found to be an effective policy tool to influence mobility decisions for QPS.

Compensating for the higher cost of living, isolation and uncongenial climate, as well as limited access to health, education, social, financial, emergency, communication and professional support services is a core rationale for the FBT remote area concessions. The QPU's experience is that the level of incentives does impact the willingness of police officers to relocate to or remain in remote areas. However despite generous relocation and retention incentives QPS still experiences difficulties attracting and retaining appropriate staffing levels. Any move to change existing FBT remote area concessions would exacerbate this challenge.

8.1 Higher Cost of living

Table 4 provides a cost of living index based on the price of a 'basket' of household goods and services in Brisbane and selected Queensland regional centres (by Queensland Treasury) together with the police stations in those regional centres. The 'basket' includes the categories of alcohol and tobacco; clothing and footwear; communication; education; food and non-alcoholic beverages; furnishings, household equipment and services; health; insurance and financial services; recreation and culture; and transportation.

The Brisbane region has been given an index of 100, and all other centres have an index relative to the Brisbane region. For example, the Longreach index of 102.1 means that the cost of living is 2.1 per cent higher than in the Brisbane region. Housing has been excluded as police officers due to duration are unable to access housing affordably. Table 4 demonstrates that Regional Queensland has a higher cost of living that often means police officers and their families are out of pocket if they wish to be posted there to provide for community safety.

Table 4: Queensland Regional Centre Cost of Living Indexes

Location	Police Station(s)	Cost of Living Index (less housing)
Ayr	Ayr Station, Giru Station, Home Hill Station, Clare Station	100.9
Beaudesert	Beaudesert Station	98.2
Bowen	Bowen Station	102.4
Bundaberg	Bargara Station, Bundaberg Station, South Colan Station	100.1
Cairns	Yarrabah Station, Cairns Station, Gordonvale Station, Edmonston Station, Smithfield Station, Kurunda Station	106.8
Cannonvale / Airlie Beach	Whitsunday Station, Proserpine Station	100.2
Charleville	Charleville Station	108.7
Charters Towers	Charters Towers Station	100.0
Emerald	Emerald Station	98.7
Gatton	Gatton Station, Laidley Station, Helidon Station	102.5
Gladstone	Gladstone Station, Tannum Sands Station, Calliope Station, Mount Larcom Station	104.7
Gympie	Gympie Station	98.8
Kingaroy	Kingaroy Station, Nanango Station, Kumbia Station, Wondai Station	96.1
Longreach	Longreach Station, Ilfracombe Station	102.1
Mackay	Mackay Station, Walkerston Station, Farleigh Station, Mackay Northern Beaches Station	105.7
Maryborough	Maryborough Station, Tiaro Station, Hervey Bay Station, Howard Station	94.9
Moranbah	Moranbah Station	108.0
Mount Isa	Mount Isa Station	100.2
Rockhampton	Rockhampton Station, Lakes Creek Station, North Rockhampton Station, Gracemere Station	101.8
Roma	Roma Station	104.2
Toowoomba	Toowoomba Station, Drayton Station, Helidon Station, Oakey Station	104.6
Townsville	Townsville Station, Magnetic Island Station, Mundingburra Station, Stuart Station, Kirwin Station, Deeragun Station	102.6
Warwick	Warwick Station, Yangan Station, Allora Station	99.2
Weipa	Weipa Station	111.5
Brisbane		100.0

Source: QEAS, Queensland Government Statisticians Office.

8.2 Higher levels of levels of socio economic disadvantage

Table 5 provides the Socio-Economic Indexes for the same regional centres as calculated by the Queensland Government Statisticians Office.

Socio-Economic Indexes for Areas (SEIFA) is a summary measure of the social and economic conditions of geographic areas across Australia. SEIFA, which comprises a number of indexes, is generated by ABS from the Census of Population and Housing. In 2016 an Index of Relative Socio-Economic Disadvantage was produced, ranking geographical areas in terms of their relative socio-economic disadvantage. The index focuses on low-income earners, relatively lower education attainment, high unemployment and dwellings without motor vehicles. Low index values represent areas of most disadvantage and high values represent areas of least disadvantage. This is based on persons by place of usual residence.

Table 5 clearly shows that many of the regional centres that Queensland police officers are required to provide community safety for have low index values, that is, they are disadvantaged which is of considerable influence and in turn reluctance to relocating families to these areas. This in turn leads to considerable staffing shortages for the QPS.

Table 5: Queensland Regional Centre Socio Economic Disadvantage

Location	Police Station(s)	Index of Relative Socio - Economic Disadvantage				
		Quintile 1 (most disadvantaged)	Quintile 2	Quintile 3	Quintile 4	Quintile 5 (least disadvantaged)
Ayr	Ayr Station, Giru Station, Home Hill Station, Clare Station	31.4	48.5	7	6.7	6.4
Beaudesert	Beaudesert Station	55	13.5	26.4	5.1	0
Bowen	Bowen Station	46.7	46	7.3	0	0
Bundaberg	Bargara Station, Bundaberg Station, South Colan Station	47.3	29.4	13	8	2.3
Cairns	Yarrabah Station, Cairns Station, Gordonvale Station, Edmonston Station, Smithfield Station, Kurunda Station	31.1	23.8	16.9	16.5	11.7
Cannonvale / Airlie Beach	Whitsunday Station, Proserpine Station	4.4	30.4	21.9	37.8	5.6
Charleville	Charleville Station	43.7	41.2	0	15.1	0
Charters Towers	Charters Towers Station	60	30.7	3.1	6.2	0
Emerald	Emerald Station	4.9	19.9	26.9	31.4	16.9
Gatton	Gatton Station, Laidley Station, Helidon Station	60.4	23.3	10.9	5.4	0
Gladstone	Gladstone Station, Tannum Sands Station, Calliope Station, Mount Larcom Station	21.5	31.7	25.2	15	6.5
Gympie	Gympie Station	46	36.3	15.5	2.2	0
Kingaroy	Kingaroy Station, Nanango Station, Kumbia Station, Wondai Station	50.8	25.7	0	18.7	4.7
Longreach	Longreach Station, Ilfracombe Station	0	50.6	37.3	12.1	0
Mackay	Mackay Station, Walkerston Station, Farleigh Station, Mackay Northern Beaches Station	16.3	30.4	23.9	23.7	5.7
Maryborough	Maryborough Station, Tiaro Station, Hervey Bay Station, Howard Station	67	18.5	9.7	4.8	0
Moranbah	Moranbah Station	0	17.7	29	16.5	36.8
Mount Isa	Mount Isa Station	13	26.3	30.3	20.9	9.6
Rockhampton	Rockhampton Station, Lakes Creek Station, North Rockhampton Station, Gracemere Station	32.2	28.1	16.9	13.1	9.7
Roma	Roma Station	13.8	36.5	10.3	33.2	6.2
Toowoomba	Toowoomba Station, Drayton Station, Helidon Station, Oakey Station	22.6	25.7	16.2	16	19.5
Townsville	Townsville Station, Magnetic Island Station, Mundingburra Station, Stuart Station, Kirwin Station, Deeragun Station	24.4	28	19.8	14.1	13.7
Warwick	Warwick Station, Yangan Station, Allora Station	41.5	41.1	12	4	1.4
Weipa	Weipa Station	0	0	9.6	55.5	34.9
Queensland		20	20	20	20	20

Source: QEAS, ABS 2033.0.55.001 Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), Australia, 2016, (Queensland Treasury derived)

8.3 Remoteness of Regional Queensland

Table 6 below provides a remoteness classification based on Australian Bureau of Statistics census data. The table confirms that many of the regional Queensland communities that Queensland police officers are required to provide community safety for are remote or very remote. This has significant implications for accessibility in terms of transport options, ease and costs and also telecommunications connectivity.

Accessibility is a major influencer of employee willingness to relocate and reside in Regional Queensland. The ‘tyranny of distance’ from friends, family and support networks can be a major disincentive for not only the police officer but also their spouse/partner and children.

8.4 Other considerations

One of the other major concerns is the issue of training and development and career advancement for police officers in regional Queensland. This is in contrast to major centres, where the police officer can return to their home each day and there are sufficient police officers to be able to relieve them of frontline delivery to attend professional development opportunities. These officers have greater opportunities to develop in a wide range of areas, giving them an advantage to gain further skills and further career progression. This is not the case for police officer sin regional Queensland. Another complexity is that when a police officer has to move residence, and often uproot the family, disruption is caused to all. There is often a lack of employment opportunity for a police officer’s partner.

Table 6: Queensland Regional Centre Remoteness

Location	Police Station(s)	Remoteness				
		Major City	Inner Regional Australia	Outer Regional Australia	Remote Australia	Very remote Australia
Ayr	Ayr Station, Giru Station, Home Hill Station, Clare Station	0.0	0.0	100.0	0.0	0.0
Beaudesert	Beaudesert Station	0.0	100.0	0.0	0.0	0.0
Bowen	Bowen Station	0.0	0.0	100.0	0.0	0.0
Bundaberg	Bargara Station, Bundaberg Station, South Colan Station	0.0	99.5	0.5	0.0	0.0
Cairns	Yarrabah Station, Cairns Station, Gordonvale Station, Edmonston Station, Smithfield Station, Kurunda Station	0.0	24.2	74.0	1.8	0.1
Cannonvale / Airlie Beach	Whitsunday Station, Proserpine Station	0.0	0.0	82.5	14.4	3.0
Charleville	Charleville Station	0.0	0.0	0.0	0.0	100.0
Charters Towers	Charters Towers Station	0.0	0.0	100.0	0.0	0.0
Emerald	Emerald Station	0.0	0.0	100.0	0.0	0.0
Gatton	Gatton Station, Laidley Station, Helidon Station	0.0	100.0	0.0	0.0	0.0
Gladstone	Gladstone Station, Tannum Sands Station, Calliope Station, Mount Larcom Station	0.0	86.2	13.1	0.7	0.0
Gympie	Gympie Station	0.0	95.7	4.3	0.0	0.0
Kingaroy	Kingaroy Station, Nanango Station, Kumbia Station, Wondai Station	0.0	100.0	0.0	0.0	0.0
Longreach	Longreach Station, Ilfracombe Station	0.0	0.0	0.0	0.0	100.0
Mackay	Mackay Station, Walkerston Station, Farleigh Station, Mackay Northern Beaches Station	0.0	69.0	30.9	0.0	0.0
Maryborough	Maryborough Station, Tiara Station, Hervey Bay Station, Howard Station	0.0	98.9	0.6	0.5	0.0
Moranbah	Moranbah Station	0.0	0.0	100.0	0.0	0.0
Mount Isa	Mount Isa Station	0.0	0.0	0.0	100.0	0.0
Rockhampton	Rockhampton Station, Lakes Creek Station, North Rockhampton Station, Gracemere Station	0.0	96.6	2.9	0.4	0.0
Roma	Roma Station	0.0	0.0	100.0	0.0	0.0
Toowoomba	Toowoomba Station, Drayton Station, Helidon Station, Oakey Station	0.0	100.0	0.0	0.0	0.0
Townsville	Townsville Station, Magnetic Island Station, Mundingburra Station, Stuart Station, Kirwin Station, Deeragun Station	0.0	0.0	96.6	3.1	0.3
Warwick	Warwick Station, Yangan Station, Allora Station	0.0	100.0	0.0	0.0	0.0
Weipa	Weipa Station	0.0	0.0	0.0	0.0	100.0
Queensland		63.0	20.1	14.2	1.5	1.1

Source: QEAS, 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

8.5 Remote area housing concessions can be of significant value to Police Officers

Whilst the FBT concessions currently do not outweigh all of these issues it does partially compensate for them. Concessions on housing (for use as an employee's usual place of residence) are uncapped and can be worth many thousands of dollars to the police officer. Tax savings to individual police officers will vary depending on the value of the housing, how the housing is provided (which determines the rate of the concession), and the police officers' level of income and resulting marginal tax rate.

However shifting from a full exemption to a 50 per cent concession would substantially reduce tax savings as would the removal of the employee FBT concession. The QPU has modelled these changes for Queensland police officers which is provided in section 10 and confirms that police officers can potentially be out of pocket by between \$11,528 and \$26,000 each year should Commission recommendations were to be adopted. This may be the difference between an police officer staying with their posting in regional Queensland or seeking to relocate or never locating to Regional Queensland in the first instance.

8.6 Impact on Reportable Fringe Benefits Amounts (RFBA)

The Productivity Commission Draft Report considers the impact where revised concessions are reportable, and not excluded, fringe benefits. The Commission concedes that the reportable amounts would impact entitlements to certain income-tested and/or liability to income-tested surcharges. These reportable benefits would only act as a further disincentive for employees to relocate to remote areas, adding to existing challenges.

Whilst FBT is a liability to the employer, RFBA can have financial implications to the employee. RFBA is not included in the employee's assessable income, however is reportable on an employee's payment summary and is used in the assessment of eligibility for certain government benefits and concessions such as (but not limited to):

- Calculating the liability to the Medicare levy surcharge;
- Determining the entitlement to the private health insurance rebate;
- Determining whether the employee is liable for Division 293 tax for superannuation contributions;
- Determining eligibility for family assistance payments (Family Tax Benefit Part A and Part B, Child Care Benefit for approved care prior to 2 July 2018, Child Care Subsidy from 2 July 2018, Parental Leave Pay, and Dad and Partner Pay); and
- Working out child support obligations.

For example the Public Safety Business Agency have received feedback from employees advising that the RFBA have caused adverse financial impact due to a higher tax rate becoming applicable on their superannuation contributions, as well as eligibility to government benefits such as family tax benefits and pharmaceutical concessions.

The Public Safety Business Agency estimates the total additional FBT and RFBA implications to the employer (QPS) and employees is \$5,065,348 and \$13,627,918 respectively. On this basis, the revised remote area concessions should not be classified 'reportable' benefits for PSE employees.

8.7 QPU Position

The QPU contends that compensating for the significant disadvantages faced by police officers residing in regional and remote areas remains a relevant justification for FBT remote area concessions and payments. Despite advancements in technology, transport, and infrastructure; regional and remote areas are not, and cannot be considered to be, equivalent to major cities in terms of: price; quality; choice of, and access to, goods and services; and general amenity. For the above reasons the QPU strongly supports FBT remote area concessions and payments, as a means to address the disparity in living and operating conditions in regional and remote areas.

QPS Case Study for the QPS Central Region.

QPS conducted an audit on past vacancies going back to January 2018. Below is an extract of vacancies which have been advertised more than 2 times for QPS's Central Region. Table 7 highlights the difficulty in filling vacant positions in regional Queensland and the need to utilise initiatives such as FBT remote area concessions.

Table 7

Position	Number of Times Advertised	How position was filled
Con/Sen Con, Mackay CPIU	6	Vacancy filled on 7th advertisement
Sen Con, Bowen School Based Police Officer	6	Vacancy remains unfilled
Con/Sen Con, Gladstone CIB	5	Vacancy filled on 6th advertisement
Con/Sen Con, Mt Morgan GD	4	Vacancy filled by 2nd Year Constable
Con/Sen Con, Blackwater CIB	3	Vacancy filled on 4th advertisement
Sgt, Woorabinda Shift Supervisor	3	Vacancy filled by lateral transfer from Mt Isa
Sgt, Woorabinda OIC CPIU	3	Vacancy filled on 4th advertisement
Con/Sen Con, Gladstone GD	3	Vacancy filled by FYC
Con/Sen Con, Moranbah GD	2	Vacancy filled by 2nd Year Constable
Con/Sen Con, Proserpine GD	2	Vacancy filled on 3rd advertisement

Source: Queensland Police Service

9.0 Promoting regional economic development to ensure lower crime

9.1 Regional Economic Development and Crime

Promoting regional economic development is naturally outside the QPS's and the QPU's core role although it should be recognised that FBT remote area concessions have had a positive influence on economic growth and providing jobs in Regional Queensland that has undoubtedly proven to be a beneficial influencer on crime rates.

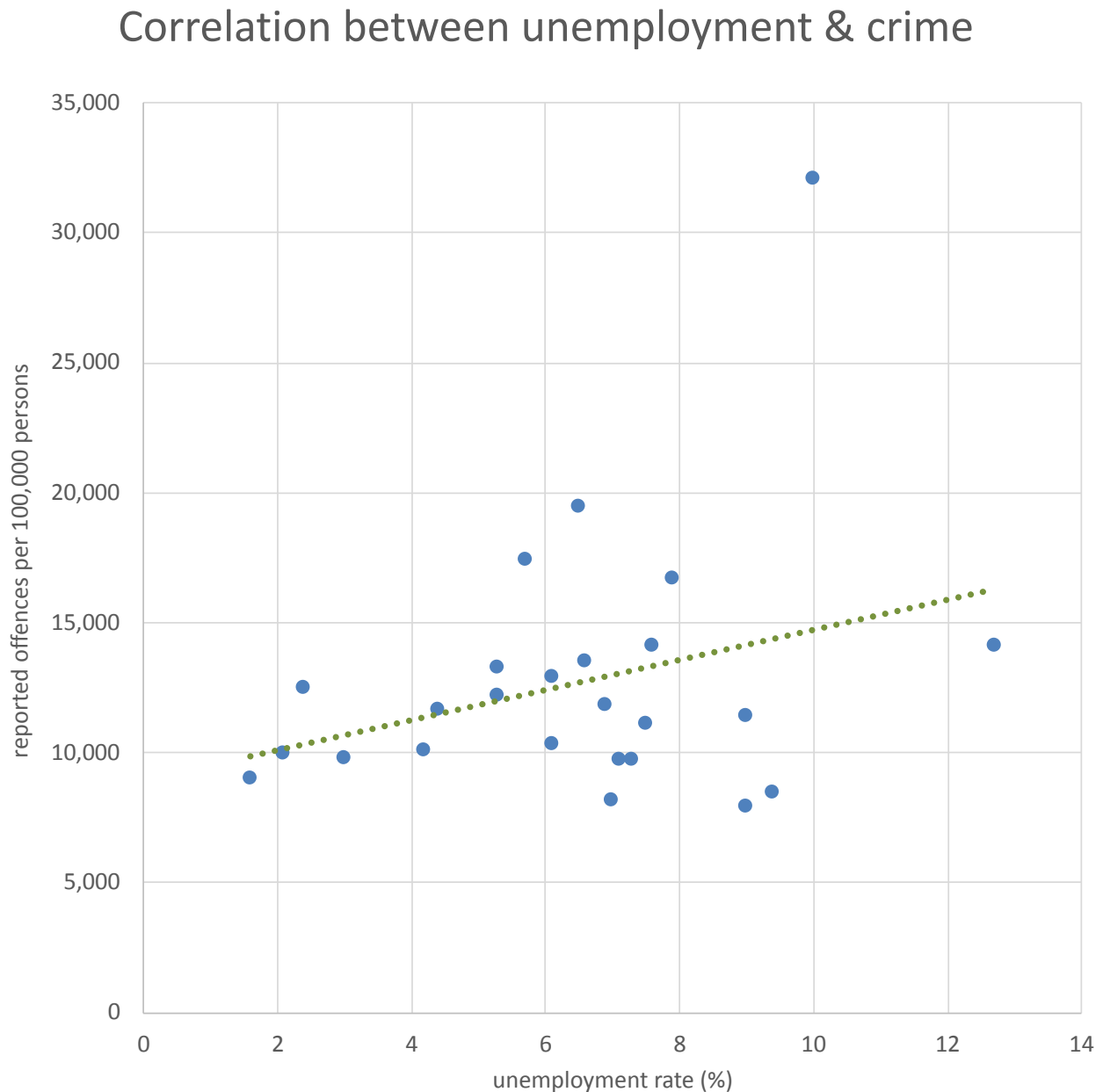
Table 8: Queensland Regional Centre Crime and Unemployment Rates

Location	Police Station(s)	Crime rate of total reported offences per 100,000 persons	Unemployment Rate	Population
Ayr	Ayr Station, Giru Station, Home Hill Station, Clare Station	16,700	7.9	9,103
Beaudesert	Beaudesert Station	7,934	9.0	14,790
Bowen	Bowen Station	11,786	6.9	9,287
Bundaberg	Bargara Station, Bundaberg Station, South Colan Station	9,694	7.1	90,106
Cairns	Yarrabah Station, Cairns Station, Gordonvale Station, Edmonston Station, Smithfield Station, Kurunda Station	13,249	5.3	252,037
Cannonvale / Airlie Beach	Whitsunday Station, Proserpine Station	12,464	2.4	14,054
Charleville	Charleville Station	11,083	7.5	4,318
Charters Towers	Charters Towers Station	14,068	12.7	8,021
Emerald	Emerald Station	9,757	3.0	14,119
Gatton	Gatton Station, Laidley Station, Helidon Station	12,911	6.1	7,928
Gladstone	Gladstone Station, Tannum Sands Station, Calliope Station, Mount Larcom Station	9,734	7.3	62,979
Gympie	Gympie Station	8,154	7.0	51,511
Kingaroy	Kingaroy Station, Nanango Station, Kumbia Station, Wondai Station	19,452	6.5	10,398
Longreach	Longreach Station, Ilfracombe Station	10,052	4.2	3,530
Mackay	Mackay Station, Walkerston Station, Farleigh Station, Mackay Northern Beaches Station	11,629	4.4	116,539
Maryborough	Maryborough Station, Tiaro Station, Hervey Bay Station, Howard Station	8,429	9.4	46,015
Moranbah	Moranbah Station	8,964	1.6	9,088
Mount Isa	Mount Isa Station	32,041	10.0	18,588
Rockhampton	Rockhampton Station, Lakes Creek Station, North Rockhampton Station, Gracemere Station	13,474	6.6	118,705
Roma	Roma Station	17,392	5.7	6,973
Toowoomba	Toowoomba Station, Drayton Station, Helidon Station, Oakey Station	12,168	5.3	156,757
Townsville	Townsville Station, Magnetic Island Station, Mundingburra Station, Stuart Station, Kirwin Station, Deeragun Station	14,116	7.6	236,441
Warwick	Warwick Station, Yangan Station, Allora Station	11,420	9.0	15,380
Weipa	Weipa Station	9,925	2.1	4,178
Queensland		10,306	6.1	5,011,216

Source: QEAS, ABS 3218.0, Regional Population Growth, Australia, various editions, Queensland Police Service, Australian Government Department of Employment, Skills, Small and Family Business, Small Area Labour Markets Australia, various editions

International studies have to varying degrees established correlation and more importantly causation between employment, unemployment and crime. Such a correlation is evident to some extent in Table 8 above and Figure 5. Regardless of its statistical strength there is a deep and enduring faith among both the general public and policymakers that employment is critically important in addressing crime.

Figure 5 Correlation between unemployment and crime



9.2 QPU Position

The FBT remote area concessions and framework should be retained as it promotes regional economic development that in turn creates employment opportunities that has a beneficial impact on crime rates. Conversely undermining regional economic development and a potential increase in the unemployment rate through the removal of FBT remote area concessions would have a negative impact on crime.

To this end, it is inconsistent that the Productivity Commission have identified a range of strategies to address transitioning regional economies across Australia (Productivity Commission Report into Transitioning Regional Economies) yet would actively undermine this previous work by its current recommendations. According to this Productivity Commission report the factors shaping Queensland's regional adaptive capacity include: people-related factors (educational achievement, employment rates, skill levels, personal incomes and community cohesion); and the degree of remoteness and accessibility to infrastructure and services. The Productivity Commission has identified policies to assist regional communities adjusting to changing economic circumstances that includes removing barriers to people or businesses relocating and taking up opportunity.

The FBT remote area concessions are part of this mix.

10.0 Technical FBT Implications of Proposed Changes

The QPU provides technical content in relation to the application of Fringe Benefits Tax ('FBT') to Remote Areas, including an emphasis on how the current FBT remote area concessions applies to Police Officer employees. Further, in response to the Productivity Commission's Draft Report, we have outlined the FBT consequences of the proposed changes to the FBT legislation. The QPU have also considered strategies and recommendations for preserving or improving these FBT concessions for Police Officers which are detailed in section . The main proposed changes regarding FBT remote area concessions, are as follows:

1. Housing Exemption – Reduction from 100% to 50%
2. Housing Exemption – Removal for police officers in certain areas
3. Housing Exemption – Removal of 'customary' condition
4. Housing 50% Reduction – Removal
5. Residential Fuel 50% Reduction - Limitations introduced
6. Holiday Transport – Removal.

The consequences of these proposed changes are discussed below.

10.1 Housing Exemption – Reduction from 100% to 50%

The QPU note the following operation of the current housing exemption in the FBT law, and what it currently means for Police Officers:

Legislation	What does it mean for Police Officers?	What are the main conditions	Full or 50%?
Section 58ZC - Current	Housing at no cost in remote areas. That is, provides an incentive for QPS to provide housing at no cost to Police Officers located in remote areas. This is because no FBT applies to QPS for providing the housing. Therefore, QPS is not taxed on the provision of housing benefits to employees in remote areas.	<ol style="list-style-type: none"> 1. Remote area location as defined 2. Necessary for Employer to provide because at least one of following: <ol style="list-style-type: none"> a. Nature of employer's business mean employees move frequently; or b. No sufficient suitable house; or c. It is customary in the industry to do so. 	Full

The QPU note that per Appendix B there are 87 areas (noting not an exhaustive list), that are eligible remote areas (excluding the additional areas included in List 2 that specifically applies to Police – covered in Section 10.2 below). This proposed change to reduce the current exemption (effectively 100%) to 50%, (and potential changes to the 'remote' definition may further limit areas where concession available); would result in a significant reduction to the concession. The impact for Police Officers of the proposed changes is broadly outlined below:

Legislation	Various scenarios for Employer QPS	What does it mean for Police Officers? (ie if the changes made)	Cost ** for Police officer based on say \$500 market rent per week
Section 58ZC -Proposed changes	<ol style="list-style-type: none"> 1. Employer QPS continues to provide housing and meets the FBT liability. 2. Employer QPS continues to provide housing, however employee required to meet FBT liability (effectively reimburse QPS). 3. Employer QPS no longer provides housing (therefore Police Officer to source own housing at own cost). 	<ol style="list-style-type: none"> - Housing at no cost in remote areas - Housing no longer provided at no cost to Police Officers, and instead will likely have additional costs of say 50% of market rent. * - Housing no longer provided at no cost to Police Officers, and instead will need to meet the rent cost (or home ownership costs). 	<p>\$Nil</p> <p>\$222 * (Being \$11,528 per year)</p> <p>\$500 (Being \$26,000 per year).</p>

* This is based on the likely calculation of the fringe benefit under potential changes to the law, being equivalent to 50% of the market rent of the property. Further noting that fringe benefits tax is approximately equal to the fringe benefit provided, since the calculation involves a gross-up factor (approximately double – being 1.8868 for 2019/20 year), multiplied by the FBT rate (approximately half – being 47% for 2019/20 year). Therefore, the

FBT broadly approximates the fringe benefit provided. (Eg \$500 market rent x 50% = \$250 fringe benefit. The FBT is \$222 (being \$250 x 1.8868 x 47% for 2019/20 year). Accordingly, the \$222 FBT liability broadly approximates the fringe benefit of \$250.

Also, please note that this example presumes there will be no salary sacrifice arrangements available at this stage.

Further, the example is based on the scenario where housing is provided on top of wages, and not within a salary package (which differs to examples included in the Productivity Commission's draft report). We can provide more detailed examples if further information is available and provided on these matters (as requested).

** This presumes that there will be no reportable fringe benefit on any applicable fringe benefits; otherwise, there may be additional costs for the Police Officer, depending on their individual personal circumstances.

*** We understand that housing benefits are provided in accordance with QPS policy, in particular Chapter 15 Queensland Police Service Residential Housing Policy. We note it currently states at paragraph 15.17 that FBT will be the responsibility of QPS

10.2 Housing Exemption – Removal for police officers in certain areas

The QPU note the following proposed change that will further impact on the current housing exemption in the FBT law: (per Table 2 on Page 36 of the Productivity Commission's Draft Report – Overview).

Remove the extension of the concession to additional areas for 'certain regional employers' (Section 140 (1A)).

Section 140 (1A) of the FBT Act, provides an extended meaning to eligible urban areas, which ensures that more areas will be captured as remote areas under the housing exemption provided in Section 58ZC. This extension to further areas is provided specifically to police officers in Section 140 (1D) as follows:

- (1D) Subsection (1A) also applies in relation to an employee:
- (a) Whose employer is a government body; and
 - (b) Whose duties of employment are performed in a police service.

The QPU note that the Australian Taxation Office ('ATO') has produced lists of the remote areas on its website. List 1 refers to the remote areas covered for all employers (Refer to Appendix B compiled list from the ATO website). List 2 refers to those areas applying to certain employers such as QPS (for police officers), which includes the additional areas eligible due to Section 140 (1A), as outlined above (Refer to Appendix C compiled list from the ATO website). The QPU have compared the 2 ATO lists and determined the additional areas included in list 2, and compiled this information in the table below. We also note for completeness that the ATO tables are authorised by ATO Practice Statement Law Administration PS LA 2000/6).

Therefore, the following is a table of the additional areas covered by List 2 that would no longer be eligible for the remote area housing exemption, if the proposed change were made; (note well this list is not exhaustive and indicative only):

Table 9: Additional remote areas currently applicable to Police Officers - proposed to be removed

Alice River	Calliope	Gladstone	Kingsthorpe	Nanango	Southend
Bargara	Caravonica	Glenella	Mackay	Nelly Bay	Tannum Sands
Bli Bli	Clifton Beach	Gordonvale	Magnetic Island	Noosa	Tewantin
Boyne Island	Coolum Beach	Gracemere	Marcoola	Oakey	Toowoomba
Bucasia	Cordelia Estate	Hambledon	Maryborough	Peregian Beach	Townsville
Buddina Beach	Deeragun	Hervey Bay	Mooloolaba	Pittsworth	Walkerston
Bundaberg	Dundowran	Highfields	Mount Low	Rockhampton	Walloon
Burnett Heads	Edmonton	Holloways Beach	Mount Morgan	Sandstone Point	Warana Beach
Cairns	Eimeo	Kawana Waters	Mudjimba	Sarina	White Rock
					Yorkeys Knob

Source: BDO

Table 9 demonstrates that there are at least 55 areas that will no longer be eligible for the FBT exemption for remote area housing, noting that this is not an exhaustive list. It can be seen from the above Table 9, that the proposed change to reduce the areas currently available for the housing exemption can have a significant impact on those police officers servicing those areas. We have also analysed the information provided by QPS – 'Police Location Allowance' spreadsheet, which included a sheet 'Region, Local Area and Rank', which provides the location of officers. Please refer to the table in Appendix D, which includes the above Table 9, together with an indication of whether there are police services in that area, and if so the number of police officers located in that area. We note that Appendix D indicates that there is **at least** 2,171 police officers, located in these additional areas, which are proposed to be removed in the Draft Report by the Productivity Commission.

Please note well, that the list in Table 9 is based on the ATO lists, which are not exhaustive, therefore there may be further police officer locations that are in fact in remote areas, that have not been identified in the Appendix D table. Therefore, this information in Appendix D is for illustrative purposes only.

Further, removal can also occur in these areas of the Residential Fuel 50% reduction, since it requires a remote area housing benefit to exist.

10.3. Housing Exemption – Removal of ‘customary’ condition

The QPU note the following proposed change that will further impact on the current housing exemption in the FBT law: (per Table 2 on Page 36 of the Productivity Commission’s Draft Report – Overview).

Remove the provision that enables employers to claim the concession because it is ‘customary’ to provide housing [Section 58ZC (2) (d) (iii)].

Section 58ZC (2) (d) (iii) of the FBT Act, provides:

(iii) it is customary for employers in the industry in which the recipient was employed during the tenancy period to provide residential accommodation for their employees free of charge or for a rent or other consideration that is less than the market value of the right to occupy or use the accommodation concerned

This means that where the employer QPS qualifies for the FBT housing exemption on the basis of the condition that it is customary to do so, then where this condition is removed, the employer QPS will have no entitlement to the FBT exemption whatsoever. This means that regardless of the location of the housing, QPS will not be eligible for an FBT exemption for any housing provided to police officers. It follows that in that case, QPS will also not be eligible for the Residential Fuel 50% reduction in relation to any housing provided.

The QPU also note that page 32 of the Productivity Commission’s draft report Overview, states that:

The ‘customary’ rule explicitly allows the existing exemption to be used (by some employers) in locations where there is sufficient alternative accommodation available – that is, where there is no operational reason for the employer to provide the housing.

The report appears to provide a broad view that where there is an operational reason for the employer to provide the housing, then there should be entitlement to the FBT exemption for remote area housing. However, an operational reason is not one of the conditions provided in the FBT law (ie it does not appear in Section 58ZC, nor specifically in Section 58ZC (2) (d) (i) or (ii) or (iii). Therefore, in order for an employer to qualify for the remote area housing exemption under Section 58ZC, the employer has to satisfy Section 58ZC (2) (d) (i) or (ii) or (iii). Accordingly, it is possible that most employers are in fact relying on the customary condition in section 58ZC (2) (d) (iii), to qualify for the exemption. In this case, if the ‘customary’ condition is removed as proposed, then employers will not be eligible for the FBT exemption for remote area housing, even those that have an operational reason for providing the housing. Therefore, this appears to be contrary to the intention expressed in the Productivity Commission’s draft report.

The QPU also note for completeness that the ‘customary’ condition is only 1 of 3 condition options that QPS can rely on for the FBT exemption for remote area housing. There are 2 other conditions, one of which QPS may be relying upon for the FBT exemption for remote area housing (rather than the ‘customary’ condition). The other 2 options are Section 58ZC (2) (d) (i) and (ii), and are as follows:

- (i) the nature of the employer’s business was such that employees of the employer were liable to be frequently required to change their places of residence; or
- (ii) there was not, at or near the place or places at which the employees of the employer were employed, sufficient suitable residential accommodation for those employees (other than residential accommodation provided by or on behalf of the employer).

The QPU note under Section 58ZC (2) (d) (i) above, where there is evidence that Police Officers are frequently required to change their places of residence (such as short term placements), then QPS may qualify for the remote area housing exemption under this condition of the FBT Act. In that case, the proposed changes to the ‘customary’ condition will have no impact on the availability of this FBT remote area housing exemption, and consequently no impact on police officers.

The QPU further note under Section 58ZC (2) (d) (ii) above, where there is evidence that there are no other sufficient suitable residential accommodation in an area available, then QPS may qualify for the remote area housing exemption

under this condition of the FBT Act. In that case, the proposed changes to the 'customary' condition will have no impact on the availability of this FBT remote area housing exemption, and consequently no impact on police officers.

In conclusion, under this proposed change, all 142 areas (as represented in List 2 in Appendix C), will no longer be available for the FBT housing exemption to police officers, where QPS currently qualifies on the basis of the 'customary' condition; (where this is applicable).

Further, where this is the case, removal can also occur in these areas of the Residential Fuel 50% reduction since it requires a remote area housing benefit to exist.

10.4 Housing 50% Reduction – Removal

It is also proposed in the Productivity Commission's draft report to remove the concession relating to Employee-sourced housing (per Table 2 on Page 36 of the Productivity Commission's Draft Report – Overview) as follows:

Remove the partial concessions on employee-sourced housing.

There is currently a partial (50%) concession on other forms of housing assistance in designated remote areas per Section 60 of the FBT Act.

In relation to employee-sourced housing, if the proposed change is made, then this may impact on police officers who are currently benefiting from QPS assistance in this regard. We understand from the Draft submission by the Public Safety Business Agency dated 8 October 2019, that rental assistance is provided by QPS relating to single and multiple tenancy accommodation. Accordingly, the total removal of this concession where employee sourced, will have a high impact on police officer services.

10.5 Residential Fuel 50% Reduction - Limitations introduced

The QPU note that a reference to 'Residential Fuel' in the FBT law refers to any form of fuel (including electricity) for use for domestic purposes (per Section 136(1) of the FBT Act).

It is also proposed in the Productivity Commission's draft report to provide for limitations relating to Residential Fuel (per Table 2 on Page 36 of the Productivity Commission's Draft Report – Overview), as follows:

- Limit access to the concession for use in conjunction with employer-provided housing to instances where there is an operational requirement for the employer to provide residential fuel (Section 59(1)).
- Remove concession for use in conjunction with employee-sourced housing (Sections 59(2) and (3)).

It is the QPU's view that that QPS would have a reasonable argument that the residential fuel is provided in relation to operational requirements. (The QPU note that this term is not defined in the Productivity Commission's draft report). In that case, the proposed change will not have any impact for police officers in relation to employer-provided housing.

In relation to employee-sourced housing, if the proposed change is made, then this may impact on police officers who are currently benefiting from QPS assistance with residential fuel. We note that this benefit was not raised in the Draft submission by the Public Safety Business Agency dated 8 October 2019, and accordingly may not be provided widely to police officers.

As noted above in sections 10.2 and 10.3, where the remote area housing benefit is no longer available for police officers, removal can also occur in these areas of the Residential Fuel 50% reduction, since it requires a remote area housing benefit to exist. Therefore, irrespective of whether the above noted limitations apply or not, where the area no longer qualifies as a remote area, then the residential fuel 50% reduction will also not be available.

10.6 Holiday Transport – Removal

It is also proposed in the Productivity Commission's draft report to remove the concession relating to Holiday Transport (per Table 2 on Page 36 of the Productivity Commission's Draft Report – Overview) as follows:

Remove the holiday transport concession.

There is currently a partial (50%) concession on return holiday transport to specified destinations from designated remote areas per Sections 60A and 61 of the FBT Act (noting that Remote area holiday transport is defined in Section 143 of the FBT Act).

In relation to remote area holiday transport, if the proposed change is made, then this may impact on police officers who are currently benefiting from QPS assistance in this regard. We understand from the Draft submission by the Public Safety Business Agency dated 8 October 2019, that holiday transport assistance is provided by QPS relating to Employees spouse and dependent children provided with one return airfare each year from the centre of appointment to the designated major destinations. Accordingly, the total removal of this concession for travel will have a high impact on police officer services.

11.0 Strategies and Recommendations for Preserving or Improving the Existing FBT Concessions

The QPU note the following strategies and recommendations in order of priority, in this submission:

1. No changes
2. If changes, ensure no Reportable Fringe Benefit
3. If changes, recommend extension of existing FBT exemptions to Police Officers
4. Propose no changes plus additional exemptions for Police officers.

These strategies and recommendations are discussed further below.

11.1 No changes

It is the intent of this submission to recommend no changes be implemented, from the point of view of the significant impact that the changes can have on Police Officers in Queensland. Accordingly, where the changes are still made, the QPU have outlined below some further recommendations to limit the impact on Queensland police officers.

There is an interaction between these measures for both the Employer and the Employee. The proposed changes relate to the Fringe Benefits Tax implications of benefits provided, being a liability of the employer, and therefore which impact the employer (QPS) not the employee (Police Officers).

However, there are also flow-on effects that can directly impact on the employee (ie the Police Officers), such as the following:

- Where the employer can no longer afford to provide the benefits due to additional on-costs such as FBT; then the employee may need to fund such expenses themselves (eg housing).
- Where the employer does continue to provide the benefits to the employee, this may result in a reportable fringe benefit which can affect the employee's entitlement to benefits or obligations to payments to the Australian Taxation Office, depending on their own personal circumstances (for example, family allowances benefits, Higher Education repayments, etc).

Where the FBT exemption for housing is reduced from 100% to 50%, or is completely removed for certain areas, then a fringe benefit arises for the employer (ie QPS). (This may also be the case where the 'customary' condition is removed and QPS relies on this for the FBT exemption, and in that case the FBT exemption for housing will be completely removed for QPS). The QPU note additional costs will be incurred by the employer QPS as follows:

- FBT: FBT will arise on the fringe benefits
- Payroll Tax and WorkCover: These fringe benefits will also be subject to Payroll Tax and WorkCover in Queensland
- Administration costs: The employer will have increased costs in administering FBT, Payroll Tax and WorkCover compliance; such as information gathering, calculations, record keeping, etc.

POINT TO NOTE:

The more costs on the employer, the less likely the employer can continue to provide these benefits to the employee (Police Officers).

This may result in the police officers having to fund such costs themselves.

The QPU also submit that the current geographical boundaries remain for the purposes of all the Remote Area concessions, including those that specifically apply to employers such as QPS (under Section 140(1A) FBT Act); due to the significant impact this would have on police officers where eligible areas are reduced.

11.2 If changes: ensure no Reportable Fringe Benefit

Where changes are made to the FBT treatment of remote area benefits, the QPU submit that the law is also updated to ensure that no reportable fringe benefits arise on the provision of any resulting fringe benefits to Police Officers.

The QPU note that there is already precedent in the current FBT legislation providing for exclusions for remote area housing benefits, and benefits specifically relating to police officers. For example, re FBT Act:

Reference	Details – Benefits excluded from Reportable Fringe Benefits
Section 5E(3)(e)	<ul style="list-style-type: none"> Remote area residential fuel benefits
Section 5E(3)(f)	<ul style="list-style-type: none"> Remote area housing benefits (50% concession re employee-sourced housing)
Section 5E(3)(i)	<ul style="list-style-type: none"> Benefits prescribed by regulations. Per Fringe Benefits Tax Assessment Regulations 2018 the following relate to potential benefits provided to police officers in relation to remote areas: <ul style="list-style-type: none"> Removal and storage of household effects when directed to change residence Housing fringe benefits where it is attached or adjacent to a police station Certain housing rent benefits and housing ownership benefits.
Section 5E(3)(j)	<ul style="list-style-type: none"> Benefit relating to occasional travel to a major population centre in Australia provided to employees and family members resident in designated remote areas
Section 5E(3)(k)	<ul style="list-style-type: none"> Benefits relating to freight costs for foodstuffs provided to employees resident in designated remote areas.

Accordingly, due to the ambit of the current legislation, it is reasonable to consider that the above exclusions for fringe benefits arising from remote area related benefits, should be extended to encompass any additional fringe benefits that may arise from implementation of the proposed changes.

11.3 If changes: recommend extension of existing FBT exemptions to Police

Where changes are made to the FBT treatment of remote area benefits, the QPU submit that the law is updated to provide for an FBT exemption for the employer, so that benefits arising on the provision of any resulting fringe benefits to Police Officers are treated similarly to the existing specified employer FBT exemptions. This would ensure that all fringe benefits (not only remote area benefits) provided to Police Officers, would be exempt from FBT, subject to capping thresholds.

The QPU note that there is already precedent in the current FBT legislation that provides for exemptions for fringe benefits provided by specified employers and industries. This is provided under Section 57A of the FBT Act; for example Public Benevolent Institution ('PBI'), Public Hospital, Private not-for-profit Hospital, public ambulance services, Health promotion charity ('HPC').

The QPU further note that capping thresholds generally apply per employee in relation to the FBT exempt employers, which are grossed-up amounts under the FBT law; (for example \$30,000 for PBI and HPC; \$17,000 for hospitals and ambulance services). Where the total grossed-up value of fringe benefits provided to a particular employee in an FBT year, exceed the capping threshold then the employer has an FBT liability on the excess. The QPU recommend that a \$30,000 grossed-up capping threshold be applied in relation to a proposed FBT exemption for police officer services.

As noted in point 11.2 above, the QPU further submit that the law is updated to ensure that no reportable fringe benefits arise on any fringe benefits arising (eg over the capping thresholds), for Police Officers.

11.4 Propose no changes plus additional exemptions for Police officers

This review of FBT remote area concessions and the potential for amendments to the FBT law, provides an opportunity for Government to review the recognition and compensation provided to Queensland Police Officers; to ensure that QPS has the ability to provide adequate policing in remote and regional Queensland.

Encouraging police officers to leave the greater Brisbane area, is a constant struggle. Police officers are often disadvantaged regarding training and development in rural and remote areas. Some police officers even have to take a reduction in rank to return to a position in a major centre such as Brisbane, (for example due to a need to return to a major centre for family reasons). Incentives are needed for police officers to take up rural and remote area service. For these reasons, the QPU is strongly opposed to the proposed changes to the FBT concessions for remote area benefits for Police Officer services.

Page 34 of the Productivity Commission's draft report Overview, specifically acknowledges this issue, as noted below:

Reducing tax savings from the concession and removing the additional areas for 'certain regional employers' could nonetheless affect service delivery, especially where service delivery agencies are budget-constrained and have limited revenue-raising options. This may be true of local governments and not-for-profit providers. The potential loss of capacity to deliver services that could result from these changes to FBT concessions needs to be duly considered.

Therefore, the QPU submit that not only are the current remote area concessions retained for police officers, but in addition that further FBT exemptions are enacted.

The QPU recommend that consideration be given to widening the FBT exemptions available to police officers to cover all remote area benefits for accommodation, meals, residential fuel and transport. (This is a broad extension of the exemptions available to Fly-In Fly-Out 'FIFO' workers). The QPU suggest that one standardised suite of benefits be provided as an FBT exemption for police officer services, that can be applied equally across the board for rural and remote service.

APPENDIX A QPS - Location of Officers by Region and Rank

As at 1 October 2019

Regions are ABS SA_4 classifications based upon the location of the officer's substantive position

Region	Rank									Total
	ASCOM	CHSUP	CON	DECOM	INSP	SCON	SGT	SSGT	SUPT	
Brisbane - East			67		6	180	57	23		333
Brisbane - North			54		7	223	89	26	1	400
Brisbane - South		1	139		7	264	98	35	2	546
Brisbane - West	1	1	84		20	150	59	41	3	359
Brisbane Inner City	9	5	237	3	160	915	603	328	34	2294
Cairns		1	236		13	286	148	48	1	733
Central Queensland	1		190		8	199	122	42	3	565
Darling Downs - Maranoa			55		4	124	82	7	1	273
Gold Coast	1	1	218		18	621	170	71	5	1105
Ipswich	2	1	193		24	399	265	92	7	983
Logan - Beaudesert		1	186		8	331	123	34	1	684
Mackay - Isaac - Whitsunday			143		4	114	70	26	2	359
Moreton Bay - North			115		5	231	76	22	2	451
Moreton Bay - South			51		2	109	39	15		216
Queensland - Outback			171		6	133	115	26	1	452
Sunshine Coast			61		8	351	116	35	2	573
Toowoomba	1		63		10	150	64	32	2	322
Townsville	1	1	232		13	232	148	48	1	676
Wide Bay			134		5	323	120	16	1	599
Total	16	12	2629	3	328	5335	2564	967	69	11923

APPENDIX B – LIST 1 QLD REMOTE AREAS PER ATO

LIST 1: QLD Remote areas (not exhaustive)

[https://www.ato.gov.au/General/Fringe-benefits-tax-\(FBT\)/In-detail/Exemptions-and-concessions/FBT---remote-areas/#List_1](https://www.ato.gov.au/General/Fringe-benefits-tax-(FBT)/In-detail/Exemptions-and-concessions/FBT---remote-areas/#List_1)

Airlie Beach	Cowan Cowan	Karumba	Smithfield Heights
Allingham	Craiglie	Kingaroy	St George
Atherton	Crows Nest	Longreach	Stanthorpe
Ayr	Cunnamulla	Mareeba	Thursday Island
Babinda	Dalby	Middlemount	Tieri
Barcaldine	Dent Island	Miles	Tin Can Bay
Biloela	Dysart	Millmerran	Tully
Blackall	Emerald	Mission Beach	Warwick
Blackwater	Emu Park	Mitchell	Weipa
Bowen	Fitzroy Island	Monto	Whitsunday Group of Islands
Bulwer	Fraser Island	Moranbah	Winton
Cannonvale	Gayndah	Mossman	Wondai
Cardwell	Glenden	Mount Isa	Wongaling Beach
Charleville	Goondiwindi	Moura	Woorabinda
Charters Towers	Great Keppel Island	Mundubbera	Yandina
Cherbourg	Green Island	Murgon	Yaroomba
Childers	Gympie	Nanango	Yarrabah
Chinchilla	Gympie South	Normanton	Yeppoon
Clermont	Hamilton Island	Palm Island	
Cloncurry	Home Hill	Point Arkwright	
Collinsville	Hughenden	Port Douglas	
Cooktown	Ingham	Proserpine	
Cooroy	Innisfail	Roma	

NB: 87 Areas Listed (not exhaustive list)

APPENDIX C – LIST 2 QLD REMOTE AREAS PER ATO – CERTAIN EMPLOYERS (INCLUDING QPS)

LIST 2: QLD Remote areas Certain Employers including Police (not exhaustive)

[https://www.ato.gov.au/General/Fringe-benefits-tax-\(FBT\)/In-detail/Exemptions-and-concessions/FBT---remote-areas/#List_2](https://www.ato.gov.au/General/Fringe-benefits-tax-(FBT)/In-detail/Exemptions-and-concessions/FBT---remote-areas/#List_2)

Airlie Beach	Cardwell	Eimeo	Ingham	Mount Morgan	St George
Alice River	Charleville	Emerald	Innisfail	Moura	Stanthorpe
Allingham	Charters Towers	Emu Park	Karumba	Mudjimba	Tannum Sands
Atherton	Cherbourg	Fitzroy Island	Kawana Waters	Mundubbera	Tewantin
Ayr	Childers	Fraser Island	Kingaroy	Murgon	Thursday Island
Babinda	Chinchilla	Gayndah	Kingsthorpe	Nambour	Tieri
Barcaldine	Clermont	Gladstone	Longreach	Nanango	Tin Can Bay
Bargara	Clifton Beach	Glenden	Mackay	Nelly Bay	Toowoomba
Biloela	Cloncurry	Glenella	Magnetic Island	Noosa	Townsville
Blackall	Collinsville	Goondiwindi	Marcoola	Normanton	Tully
Blackwater	Cooktown	Gordonvale	Mareeba	Oakey	Walkerston
Bli Bli	Coolum Beach	Gracemere	Maryborough	Palm Island	Walloon
Bowen	Cooroy	Great Keppel Island	Middlemount	Peregian Beach	Warana Beach
Boyne Island	Cordelia Estate	Green Island	Miles	Pittsworth	Warwick
Bucasia	Cowan Cowan	Gympie	Millmerran	Point Arkwright	Weipa
Buddina Beach	Craiglie	Gympie South	Mission Beach	Port Douglas	White Rock
Bulwer	Crows Nest	Hambledon	Mitchell	Proserpine	Winton
Bundaberg	Cunnamulla	Hamilton Island	Monto	Rockhampton	Wondai
Burnett Heads	Dalby	Hervey Bay	Mooloolaba	Roma	Wongaling Beach
Cairns	Deeragun	Highfields	Moranbah	Sandstone Point	Woorabinda
Calliope	Dundowran	Holloways Beach	Mossman	Sarina	Yandina
Cannonvale	Dysart	Home Hill	Mount Isa	Smithfield Heights	Yaroomba
Caravonica	Edmonton	Hughenden	Mount Low	Southend	Yarrabah
					Yeppoon
					Yorkeys Knob

NB: 142 Areas Listed (not exhaustive list) (being 140 above +Dent Island and Whitsunday Group of Islands)

APPENDIX D – ADDITIONAL REMOTE AREAS CURRENTLY APPLICABLE TO POLICE OFFICERS AND WHETHER POLICE OFFICER SERVICES EXIST

The below table provides the Table 9 as shown in Section 10.2 of this report, updated for an indication of whether there are police services in that area, and if so the number of police officers located in that area: (noting this list is not exhaustive)

Area	Are there officers located here?	Amount of Officers
Alice River	No	
Bargara	Yes	9
Bli Bli	No	
Boyne Island	Yes	11
Bucasia	No	
Buddina Beach	No	
Bundaberg	Yes	144
Burnett Heads	Yes – included in ‘Bargara’	
Cairns	Yes	395
Calliope*	Yes	na
Caravonica	No	
Clifton Beach	Yes	3
Coolum Beach	Yes	32
Cordelia Estate	No	
Deeragun	Yes	18
Dundowran	No	
Edmonton	Yes	35
Eimeo	Yes	23
Gladstone	Yes	127
Glenella	Yes	1
Gordonvale	Yes	8
Gracemere	Yes	8
Hambledon	No	
Hervey Bay*	Yes	57
Highfields	Yes	2
Holloways Beach	No	
Kawana Waters*	Yes	29
Kingsthorpe	No	
Mackay	Yes	191
Magnetic Island	Yes	4
Marcoola	No	
Maryborough	Yes	147
Mooloolaba	Yes	5
Mount Low	No	
Mount Morgan	Yes	5
Mudjimba	No	
Nanango	Yes	12
Nelly Bay	No	
Noosa	Yes	45

Area	Are there officers located here?	Amount of Officers
Oakey*	Yes	na
Peregian Beach	No	
Pittsworth	Yes	3
Rockhampton	Yes	217
Sandstone Point	No	
Sarina	Yes	18
Southend	No	
Tannum Sands	Yes – included in 'Boyne Island'	
Tewantin	Yes	2
Toowoomba	Yes	275
Townsville	Yes	278
Walkerston	Yes	3
Walloon	No	
Warana Beach	Yes	62
White Rock	Yes	1
Yorkeys Knob	Yes	1
TOTAL		2,171

* QPU estimate

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