



# Luke Gosling OAM MP

FEDERAL MEMBER FOR SOLOMON



**Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601**

Dear Sir/Madam

**Re: Inquiry into Remote Area Tax Concessions and Payments – Submission**

I welcome this Productivity Commission Inquiry into remote area tax concessions and payments, and I appreciate the opportunity to make a submission on behalf of my constituents of the electorate of Solomon.

Solomon includes Darwin and most of Palmerston, with a population of approximately 120,000. This Greater Darwin region is the capital of northern Australia, and is one of the most isolated urban centres in the world. It is more than 3000 km to Australia's other capital cities, with resulting disadvantages of travel times and cost, and other higher cost of living expenses for residents.

The several tax concessions and payments into which the Commission is inquiring have the policy objective of recognising and compensating for the "uncongenial climatic conditions, isolation and high cost of living in Australia's remote areas". They are also intended to encourage economic development of regional and remote areas of Australia and attract and retain skilled people to those areas.

Some of these policy measures have been in place for many years, and in the case of the Zone Tax Offset, for example, the level of support has remained unchanged since 1993, with an obvious reduction in benefit because of inflation and increased costs.

It is now timely for the Commission to inquire into whether the various measures are still meeting their policy objectives. As the Commission rightly points out in its Issues Paper, there have been improvements over time in transport, communications, and living conditions, but it is my submission that residents of Greater Darwin are still subject to greater disadvantage in terms of climatic extremes, living costs and isolation as compared to their peers in other Australian urban centres.



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Because of the decline in the real value of the Zone Tax Offset and the Remote Area Allowance they are now not meeting their policy objectives, particularly relating to compensating for hardships or having a positive impact on population mobility decisions. They would be more effective in meeting their policy objectives if they were increased and indexed annually against cost of living increases.

In relation to the Zone Tax Offset, the Government excluded FIFO workers from the benefit in the 2015-16 Budget, on the grounds that they were not genuine residents of remote areas. I have previously suggested that the savings from this change in eligibility, estimated at \$110 million per year, should have been devoted to an increase in the Zone Tax Offset for eligible residents.

I again submit that there remains a strong case for government to compensate residents for the disadvantage of living in Australia's remote and regional areas, and to encourage the economic development of those areas for the benefit of all Australians. I support any moves to make those policy objectives more effective and more achievable.

Kind regards,

**Luke Gosling OAM MP**  
**Member for Solomon**

 July 2019