

NORTHERN AUSTRALIAN VISION PAPER



Submission from Mount Isa City Council

Speaking on behalf of the people of Mount Isa, we are pleased that the Federal Government in opposition promised to devise a white paper on developing Northern Australia, and have since committed to this undertaking. The fact that this issue has been placed on the national political agenda is a victory for the many people who have been engaged in the campaign to grow our northern region for many years.

As an immediate policy initiative, the *Coalition's 2030 Vision for Developing Northern Australia* (the Vision) states that it will provide tax cuts and benefit increases so that families will have more spending power and businesses have more incentive to invest and create jobs.

We applaud this policy proposal and in furtherance of this aim, believe it would be injudicious to ignore, or inadequately address, the issue of the zone allowance, and the tax incentive it should rightfully provide to residents in remote and regional centres of Northern Australia.

As outlined in the Vision, this area has almost limitless potential which only requires the right policy settings to unlock. Our Council fully believe one of the 'government policies unnecessarily constraining growth and preventing individuals and firms from making the most of the region's potential' and 'currently acting to hold back the region's economic development' is this outdated zone allowance.

In your Vision, you state that 'the Coalition is emphatically of the view that the North is best maximised through private investment' and 'the role of government will be to provide the best regulatory and economic environment for businesses to realise this vision.' By reviewing and instigating a more effective allowance your government would be assisting to do just that.

One step on the path to realising your Vision will be to review and so instigate a new, fairer and more appropriately reflective tax zone allowance for the northern areas of our nation, as has been identified on numerous occasions as a key inhibitor to local business growth and investment. Our Council has hosted forums consisting of local business people from across the breadth of all major industries, and one of the key issues consistently put forward as affecting the strength and growth of the sector is the zone allowance. In its current state, the allowance is wholly inadequate and fails to provide sufficient incentive for workers to stay, and spend, in our city and subsequently business remains unable to grow their business through high staff turnover, lack of a sufficient candidate pool and drain of intellectual capital through population drift.

To put it in historical perspective, when the zone allowance was introduced by the Chifley Labor Government in the 40s the intent was to compensate people who lived in regional and remote

Australia for the disadvantages they experienced as well as counteract the high costs of living and lack of facilities which city dwellers took for granted.

Today, these circumstances have changed little, whereas the zone allowance remains relatively static. While Mount Isa is not identified as a Northern Australian 'key urban zone' in your Vision, it is still subject to the same, or more marked, inequalities in access to and availability of goods and services and the corresponding 'higher effective costs' resultant from the vast distances and increased logistical outlay required to transport necessities of life.

One clear example can be found in fuel prices as evidenced by RACQ's 2014 *Annual Fuel Price Report*. It states that on average Mount Isa's fuel is 10c per litre higher than that enjoyed in Brisbane and this is one cost amongst many, you only have to look at Qantas or Virgin website to see the cost of flights or in the supermarkets as food is also subject to such price hikes due to the long haulage required to deliver it to our remote centres.

This is rightly identified as one of the key areas that 'affect the incentive for families and businesses to relocate to, and remain in' regional and remote areas. Your policy to review 'the efficacy and targeting of current relocation incentives and personal and business tax incentives' is perfectly reflected in our call to re-evaluate and more effectively implement the zone allowance in Australia.

Additionally the identified key urban zones areas are, while regional, not as remote as many others, including Mount Isa, which is why we would also request an improved indexing of the allowance.

We are of the firm view that creating a fair and adequate zone allowance will go far towards the Vision's stated goals of 'boosting national wealth, improving living standards and fostering strong and cohesive communities' by providing residents and potential residents of regional Australia a heightened incentive to live, spend and make a commitment to the region. This is not just a dream, it could become a reality.

An adequate allowance would assist to 'level the playing field' with our coastal and southern counterparts as well as be a significant driver in encouraging people to permanently settle and become a part of the social fabric of regional communities, and for businesses to invest and expand, thus helping to arrest, and reverse, the population drift from the north to more populous centres. Enhanced tax breaks would thus assist in the aim to responsibly boost growth and promote significantly higher living standards and household incomes' in Northern Australia.

We implore that in your review, you also ensure such tax incentives apply only to those people who permanently reside in the regional centres, rather than allowing those who participate in fly-in, fly-out schemes the same tax advantages. This is because these people, although currently somewhat necessary to sustain industry in many remote regions, will continue to invest their time, money and

interest in more populous centres and so continue to work against the very social cohesion and strong communities you seek to create.

As we head further into the 'Asian century' it is, as has been acknowledged in your vision paper, rural and regional Australia particularly in the North, which will create the new wealth for our nation. As such, we urge you to include, as a key policy initiative, a concrete and substantial review of the current zone allowance and implementation of a new, indexed zone allowance to better reflect the current state of affairs in our region.

To add further weight to our assertions we have also taken up a petition on the subject of review and indexing of the zone allowance and have garnered signatures from residents of shire areas across northern Australia, which we will submit to parliament in coming months.

As a responsible government seeking to maximise the region's opportunities, enhance productivity, jobs, growth and unlock our vast potential, it would be remiss of your government not to view this issue as a matter of substantial importance and address it with careful consideration and expediency.

Another issue we believe deserves immediate attention and request to be addressed in your white paper is the need for enhanced water infrastructure in Northern Australia, particularly north-west Queensland. As the Queensland Government has pointed out, 70 per cent of our state is now drought-declared and we believe that as a matter of urgency more dams and associated works are needed to cover the industrial city of Mount Isa and other communities in the region. We would appreciate the white paper including a statement that addresses this issue and rejects the philosophy of the green movement in its opposition to the development of these vital, life and industry sustaining resources. Such a statement is necessary to unequivocally demonstrate your government's firm support for the development of Northern Australia as it shows that you understand and appreciate the crucial need for improved water storage in this area.



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