

ROBBIE KATTER

Member for Traeger



MEDIA RELEASE

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KAP PITCHES “PRO-REGIONS” TAX POLICY TO NEXT FED GOVT

Differentiated pensions, housing supplements or Job Seeker payments for regional residents are potential outcomes of the Katter’s Australian Party’s call for regional and remote Australia to be included in the consumer price index (CPI).

KAP Leader and Traeger MP Robbie Katter said a suite of policy changes were required to establish a taxation and economic environment that was “pro-regional Australia” and therefore capable of turning the tide of chronic population drift from inland communities to coastal capitals.

The first component of the two-pronged proposal is the inclusion of data from regional areas in the calculation of the nation’s CPI, the key measure for inflation which currently only draws on data related to price movements in the capital cities.

The demand for a better way of measuring the rising cost of living in cities like Townsville and Cairns draws on the work of regional economist and founder of Our Fair Share, Colin Dwyer, who has been advocating for a regional CPI for more than a decade.

Mr Katter said there were more than eight million Australians living in regional communities who were currently unfairly subjected to policy decisions based on economic information from the cities, with CPI being a classic example.

“The CPI shows insurance has gone up by 2.7 per cent, while we know in North Queensland the increases are between 18 and 25 per cent,” he said.

“Why is the reality for North Queenslanders – and all regional Australians – so openly ignored?”

“The exclusive focus on CPI data drawn from the metro areas not only limits the accuracy of the information that governments are using to base decisions on, but it also sends a pretty strong and disappointing signal to regional Australians that they don’t exist in the eyes of policymakers.”

Mr Katter said with more accurate and widely-publicised information relating to the cost of insurance, rent, fuel and food, Australians could hope for better outcomes in policies aimed at horizontal fiscal equalization between the cities and the regions.

The second component of the KAP’s policy proposal is a complete review and revamp of the Federal Government’s zonal tax offsets (ZTO).

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The Zone Tax Offset (ZTO) enable residents to claim a tax deduction if they live in designated or isolated areas of Australia (known as a zone).

Remote areas are classed as either Zone A (places like Weipa and Mount Isa) or Zone B (places like Cairns and Townsville), and there are also special areas within these zones.

Residents in Special Zone receive an annual offset of \$1,173, standard Zone A, \$338 and standard Zone B, \$57.

Mr Katter said while the zonal tax offsets sounded great on paper, they were essentially meaningless in providing genuine tax incentives to people to live remotely.

He said the KAP believed the Zone B offsets, provided mostly to residents in larger, well-serviced regional cities, should be removed and increased offset rates provided to people living in outer regional, remote and very remote Australia as defined by the Australian Bureau of Statistics.

“These current zones were devised post WWII, and they have never been re-drawn and expanded in a meaningful way,” he said.

“The current individual offset rate of \$57 for so-called Zone B residents in Townsville, Cairns, Mackay and Darwin has been in effect since 1994, and costs the Federal Government \$46 million a year.

“This is compared the \$74 million claimed in zones designated as remote and very remote.

“Our view is that Zone B should go or should be radically changed – believe me, people living in Weipa, Hughenden or Mossman need a tax offset more than those living in Cairns or Townsville do.

“No one in Zone B will notice the loss of a \$57 annual offset, but they will in Zone A if the rate is doubled or even tripled.”

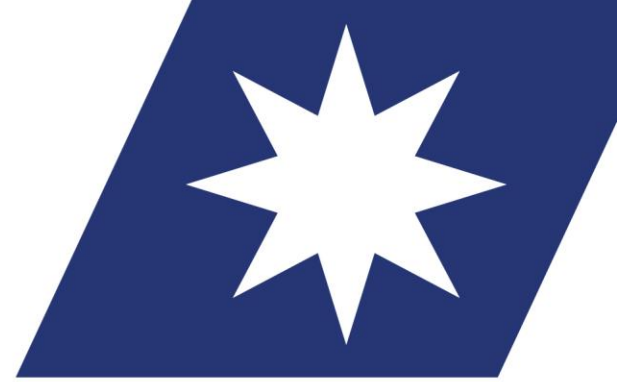
KAP Candidate for Leichhardt Rod Jensen said attracting workers, new residents and families to rural and remote areas was among modern-day Australia’s greatest challenges.

“As I have travelled the width and breadth of Leichhardt over the last few months, what has resoundingly stood out to me is the amplified way the issues facing all Australians – including cost of living, home ownership, access to services – affect those living in the regions,” he said.

“If we continue to bleed our people to cities and the coast, we will leave a huge expanse of our country unpopulated and therefore unlivable.

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"All the while, this drift only increases population pressure on the cities – it's lose-lose for everyone.

"The Federal Government has a real opportunity to address these issues by taking an innovative approach and embedding a pro-regions ethos in their taxation and economic policies – today, KAP is serving this up to them on a silver platter."

BACKGROUND

ADDITIONAL QUOTES on CPI from Adjunct Professor Colin Dwyer:

"Millions of regional Australians don't receive accurate, comparative and comprehensive inflation information."

"Many people have contacted me recently complaining/emotional about their home insurance premiums - increases of 18.5 per cent to 25 per cent. Nationally it's only 2.7 per cent.

"Quantifying these types of anomalies can help galvanise solutions. If you don't know there is a challenge and its extent, you can't develop evidence base solutions.

"In addition accurate regional construction inflation data can help state and federal budgets more accurately allocate scarce public funds.

"Business can more appropriately forecast changes in revenue and expenses.

"Banks can better assess cost pressures in a region and provide better credit policy sooner.

"The major resistance usually comes from cost to implement and benefits. My response is millions of regional people without accurate and comprehensive inflation information is a massive long-term cost that exists in highly productive regions. It needs to change.

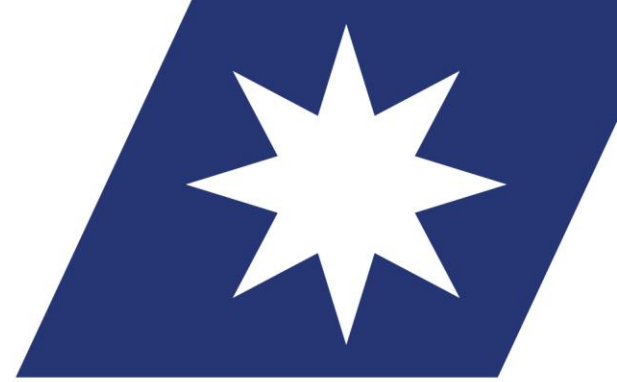
"Millions of regional Australians don't receive accurate, comparative and comprehensive inflation information."

ADDITIONAL info on ZTO

1. Currently Cairns and Townsville (and adjoining areas) all fall within "Zone B" for Zone Tax Offset purposes – an individual living in Zone B has a ZTO entitlement **starting** at \$57 per annum.
2. The ZTO is a non-refundable tax offset and thus only of value to individuals that would otherwise have a personal income tax liability equal to or greater than the level of the ZTO they are entitled to claim.

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3. These amounts have not changed since 1993 – arguably it is long past the time at which they should be reviewed to ensure they continue to deliver on their original purpose. To approximate the same level of support as in 1945, **Zone A** would need to be \$1,900 per person. **Zone B** would be about \$900 per person.

2016-17 financial year Zone summary Expenditures

Zone	Claimants '000 people	Total claims (\$M)	Average claim per person
Ordinary Zone B	291	39	\$133
Ordinary Zone A	123	63	\$511
Special Areas	28	19	\$496
Other (overseas, out of zone addresses)	38	19	\$496
TOTAL	480	153	319

Current ZTO zones



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Media inquiries for Robbie Katter MP: Morgan Oss, 0428 772 544

Media inquiries for Rod Jensen: 0456 999 511