

## **Productivity Commission Submission - Remote Area Tax Concessions and Payments**

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The City of Kalgoorlie-Boulder is predominately a mining town supported by a diverse range of small - medium businesses to support the community and residents of the neighbouring communities.

The ABS data from the 2016 census cites the population of Kalgoorlie-Boulder as 30,059 residents, ABS figures show a population decrease of 3,712 (11%) since 2013. In fact, our current population is the lowest it has been since 2005.

Kalgoorlie-Boulder is in the grips of a mining and trades skill shortage, well that's not entirely correct, the skilled labour is present, they just don't want to live residentially in Kalgoorlie-Boulder. Anecdotal evidence to support this is figures released by the City of Kalgoorlie-Boulder showing the Kalgoorlie-Boulder Airport is on track for its busiest year on record.

The prevalence of Fly In Fly Out (FIFO) has given rise to families electing the city lifestyle over regional, all while earning regional salaries. In order to tempt employees, and their families, to Kalgoorlie-Boulder employers are forced to either pay higher than average salaries or maintain salary levels but allow FIFO as an option to employment. The flow on effect of this of course is ability of non mining and small - medium businesses to attract employees to work for significant lower wages and lacking the additional benefits the bigger employers can afford to pay. Then of course there is the societal impact; reduced population, reduced consumer patronage of local retailers and service providers, reduced or closure of essential services such as healthcare & education, the loss of families from the city, loss of employment opportunities and a visibly "dead" town centre.

Whilst Kalgoorlie-Boulder is deemed "remote" as per the definition as it relates to remote area housing, the reality is the FBT component makes the benefit of remote area mortgage interest or remote area rent tax concession minimal or nonexistent for employees earning less than \$120,000.

A scenario of remote area mortgage interest on the Maxxia website, <https://benefits.maxxia.com.au/remote/remote-area-benefits> , shows an employee earning \$120,000 per annum and packaging mortgage interest of \$10,000 per annum gains a net benefit of \$814 per annum. The same parameters applied to an FBT free charitable organisation demonstrates a net benefit of \$11,013 per annum.

78.1% of the population in Kalgoorlie-Boulder is employed in industries outside of gold ore mining or mining support services, therefore, up to 78.1% of the population in Kalgoorlie-Boulder is earning a significantly lower salary than \$120,000 per annum and would obtain no financial benefit to having the ability to access remote area housing tax concessions.

Mining salaries are set according to benchmark data obtained by surveying mining companies across Western Australia, both residential and FIFO operations. Traditionally there is very little that separates salaries when comparing apples to apples on a residential site v's a FIFO basis ie: the salary for a heavy duty fitter working a 7 on, 7 off roster should achieve relative parity whether on a FIFO or residential site.

Therefore, if regional areas are to compete to entice residential employees back to the regions incentives need to be given to make a move away from the lifestyle and proliferation of essential services of the major metropolitan areas. Across Australia ABS data shows that the cities are experiencing growth while regional and rural areas are in decline. Policy change needs to occur to relieve congestion and pressure of infrastructure in the city, whilst building the population of regional areas to improve youth unemployment, skills gaps and poor health and education outcomes.

The provision of remote area housing to be treated as FBT free would provide such an incentive. It would take wages pressure off employers, big and small, encourage job creation and keep Kalgoorlie a sustainable community to live and invest in.