



# Shire of Coolgardie

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Remote Area Tax Concessions and Payments  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

Dear Sir/Madam,

## **REMOTE AREA TAX CONCESSIONS AND PAYMENTS ENQUIRY - SUBMISSION BY SHIRE OF COOLGARDIE**

The Productivity Commission is seeking submissions to determine the appropriate ongoing form and function of the zone tax offset, FBT remote area concessions, and Remote Area Allowance.

The Shire of Coolgardie is located in the Goldfields-Esperance region, Western Australia (approximately 550 kilometres east of metropolitan Perth). It encompasses an area of 30,400 km<sup>2</sup> and includes the towns of Coolgardie, Kambalda, Kambalda West, WidgieMooltha and the Aboriginal community of Kurrawang. Over 3,600 people live in the Shire which neighbours the Goldfield's regional centre - City of Kalgoorlie-Boulder.

The Shire is the largest producer of minerals in the region and the third largest local government producer in Western Australia, with gold, lithium and nickel mining operations supporting globally significant regional exports. Data indicates in the last five-years Coolgardie has consistently contributed approximately 3% of all revenue generated in Australia annually from the export of Metalliferous Ores and Metal Scrap.

### Economic Growth

The Goldfields-Esperance region is an important mineral producer for Australia, contributing \$7.03 billion towards the Gross Regional Product (GDP) in 2017. The value of minerals produced within the Shire of Coolgardie in 2017/18 was \$3.13B making the Shire the highest producer in the region.

Table 1 - Value of Minerals & Petroleum in 2017/18

Goldfields-Esperance Region	2017/18
Coolgardie	3,138,043,635
Laverton	2,499,394,044
Kalgoorlie-Boulder	2,410,448,894
Leonora	1,906,901,062
Ravensthorpe and Dundas	885,197,381
Menzies and Esperance	664,914,669
<b>Goldfields-Esperance Total</b>	<b>11,504,899,684</b>

The rapid rise in demand around the world for lithium and other minerals has resulted in the sector rapidly expanding its exploration and mining in the region, especially in the Shire of Coolgardie which contains two of the largest lithium deposits in Western Australia. Data demonstrates that the extraction of lithium, nickel and other battery minerals will provide new opportunities for downstream processing in the region.

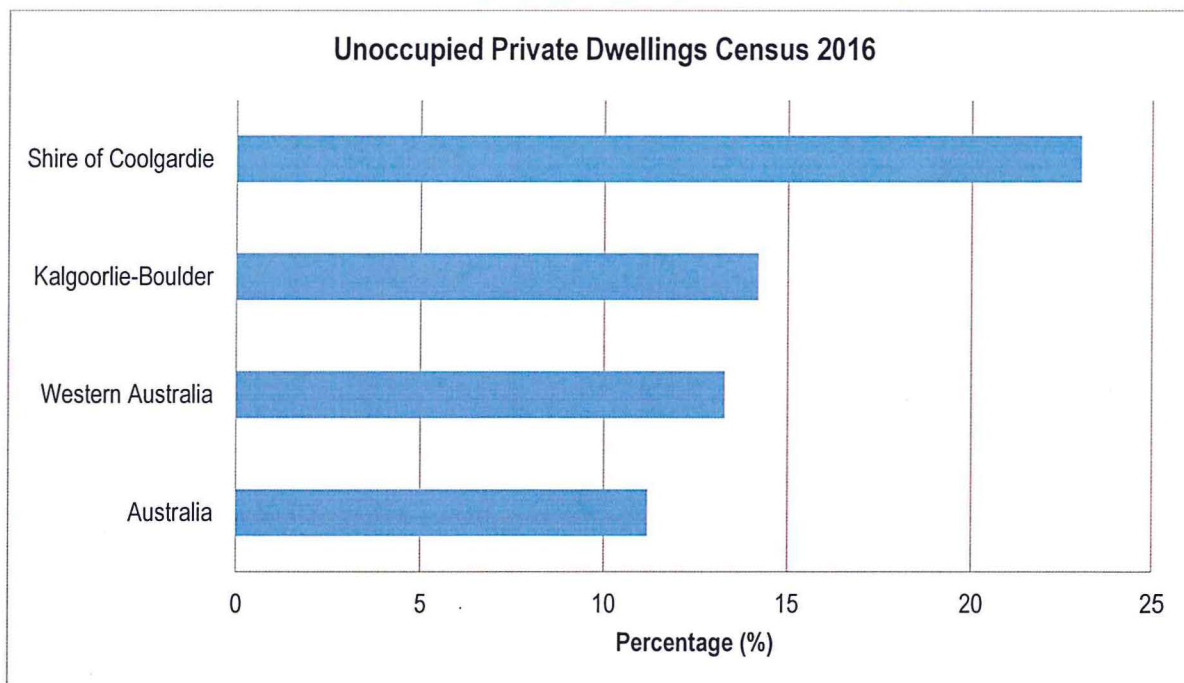
The Shire of Coolgardie recently established a Memorandum of Understanding with ten major mining companies to work together for the economic and social benefit of the community. In 2017/18, the Shire did not increase land rates for mining companies in order to facilitate the introduction of GRV Rating on mining camps and as a strategy to support the on-going activity of mining and exploration in the area.

### Declining Population

Despite increasing mineral production in the Shire (25% growth from 2016/17) there has been a decrease in the Shire's population of +20% since 2001 with data demonstrating that Fly in Fly out (FIFO) workers are substituting the previously existing residential workforce.

The Shire of Coolgardie has a higher percentage of unoccupied dwellings (23%) compared to Western Australia and Australia. It is assumed that these higher percentages follow FIFO trends in the mining industry with workers preferring to reside in metropolitan over regional areas.

Figure 1 – Unoccupied Private Dwellings – Shire of Coolgardie



There are significant benefits for FIFO employees to re-locate to regional communities including:

- Reduced operation costs and staff turnover
- Service provision quality supported by larger population
- Local business viability improved through access to more customers
- Social cohesion and interaction through community engagement
- Reduced mental health issues

#### Recommendation 1 - Special Economic Zone Exception Proposal

As the largest mineral producer in the region with the facilities available to support an increased population, the Shire of Coolgardie recommends that the Federal Government consider a five-year trial of a Special Economic Zone Exemption in their towns of Coolgardie and Kambalda.

On 23 August 2011, the then Minister for Regional Australia, Regional Development and Local Government asked the House of Representatives Standing Committee on Regional Australia to inquire into and report on the use of FIFO and associated work practices, such as drive-in, drive-out (DIDO), in Regional Australia.

As part of this inquiry, several recommendations were submitted; however, in relation to this proposal, Recommendation 12 is relevant:

*The Committee recommends that the Commonwealth Government review the Fringe Benefits Tax Assessment Act 1986 to examine the: removal of impediments to the provision of residential housing in regional communities.*

In addition, the Goldfields-Esperance Regional Blueprint 2050 (released in March 2016) indicates that “FIFO workers represent an annual expense of around \$25,000 per annum to the employer” with “costs of set up, servicing and maintenance of the mining worker camp, each employee could potentially cost up to \$75,000 per annum.”

Mining companies currently spend a minimum of \$25,000 per annum on flights for each FIFO employee. It is proposed that a percentage of this expense be re-directed to employee rental assistance without attracting Fringe Benefit Tax (FBT). Rental properties in the Shire of Coolgardie typically do not exceed more than \$25,000 per annum in leasing costs.

It is anticipated that the provision of a financial incentive for FIFO employees to relocate to the region will attract families, address the region’s critical skills/labour shortage and contribute to the continued sustainability of local governments.

It is also proposed that property owners access the “Instant Asset Write-Off” scheme for improvements valued up to \$20,000 made to properties located within the Shire of Coolgardie. Housing prices are lower in the Shire of Coolgardie which would normally realise an increase in housing ownership. It is anticipated that the implementation of the proposed recommendation would encourage property investment within the Shire.

Recommendation 2 – Review of Tax Offset Zones

The Shire requests a review of the current tax offset zones and consider increasing the regional tax offset or bringing it into line with other very remote or remote areas in Australia such as Northern Queensland.

As the CEO of the Shire of Coolgardie, I look forward to attending the Productivity Commission meetings in Kalgoorlie on Tuesday, 7 May 2019 to further explore these recommendations.

Should you have any questions regarding this submission, please do not hesitate to contact Mia Hicks, Executive Manager, Economic Development and Projects.

Kind Regards,

James Trail  
Chief Executive Officer

29 April 2019