

Mr Jonathon Coppel and Mr Paul Lindwall  
Commissioners  
Productivity Commission  
4 National Circuit  
Barton ACT 2600, Australia

Attention: Ingrid Ottaway

Dear Commissioners

## REMOTE AREA TAX CONCESSIONS AND PAYMENTS

The Town of Port Hedland, Shire of East Pilbara and Shire of Ashburton ('the Councils'), located in the remote Pilbara region of Western Australia, appreciate the opportunity to submit to the Productivity Commission's inquiry.

The Councils have provided a detailed submission on the Productivity Commission's *Draft Report*, including assumptions and recommendations.

The Pilbara region is the primary contributor to the State and national economy in the resources sector. Local governments are a strategic partner with government in planning for economic growth, have a broader delivery mandate than their city counterparts and face higher costs due to isolation. Non-government organisations are central to meeting governments' policy agendas regarding improved psychosocial and economic outcomes for the community, including Indigenous Australians. Small to Medium Enterprises are critical supply chains for industry. These organisational roles and responsibilities need to be considered in the formulation of the Commission's recommendations.

Remote Area Tax Concessions and payments are an integral tool for attracting and retaining staff in remote mining regions that present unique financial and other challenges, such as salary competition from the mining sector, economic fluctuations, high costs of living, extreme climatic conditions and isolation.

The proposal to remove FBT remote concessions for employer-provided housing (and fuel) through deletion of section 58ZC (2)(d)(iii) of the *Fringe Benefits Tax Assessment Act 1986* will have major detrimental impacts in the Pilbara on local government and other sectors, the housing market, local infrastructure and amenity, and the regional, state and national economies. It also has the potential to structurally change towns by encouraging a move from residential to fly-in, fly-out workforces for major sectors such as mining.

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Councils are also concerned about the Commission's decision to review the impact of the Zone Tax Offset at current levels of rebate as opposed to assessing the impact of an indexed Zone Tax offset on cost of living and other challenges. More so, given the Zone Tax Offset has not kept pace with CPI.

Councils strongly request that the Productivity Commission revisit its assumptions and recommendations in the context of the impact on remote mining towns and more broadly, the fiscal impact on the economy.

Yours sincerely

Anthea Bird  
A/Chief Executive Officer

11 October 2019

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