

Remote Area Tax Concessions and Payments

Draft report released on 4 September 2019

Submission

Firstly I would like to thank the Commission for acknowledging the discrepancies in current programs of assistance/concessions for people living in Remote Australia.

To begin I would like to provide an overview of my own circumstances. I have always lived in Remote Australia, initially born and raised in central Northern Territory, then moved to the WA Goldfields to raise my family in my early 20's. I have personally lived through the disadvantages of living remotely including lack of health services, public roads being underfunded and lacking quality, and limitations due to lack of consistency of various public services with such a transient population.

Of particular consideration to my town, is the concern of FIFO and the impact on our community. I do feel that the FBT concessions can be more supportive of employees opting to live in remote areas, proven by the choice of purchasing housing as ordinary place of residence.

Based on current and proposed concessions, it appears that the Commission is more supportive of employers that provide housing to employees, rather than to employees willing to 'lay down roots' in a community through local investment. This is one area where the commission can contribute to alleviate the concerns of the effect of FIFO, being that employers may opt to offer DIDO or similar as employees will receive a larger concession if willing to invest in a community by buying/renting a house close to where they work.

Information Request 2:

Regarding the statement on page 34 the draft *that Changes to these remote area concessions are expected to have only limited effect, as the concessions are narrowly used and are low in value*, I would argue that this assumption would not be entirely accurate. Many smaller employers tend to steer away from anything FBT due to its complexity and compliance costs, thus not making the concession available to employees in the first instance.

Information Request 3:

Compliance costs in all areas of taxation are a large burden, regardless of current or proposed FBT concessions. Particularly as the availability of sufficient advice is limited where employers maintain their business in remote areas – access to knowledgeable advice is very limited or costly in Regional Australia. Possibly a reason why only larger employers offer these concessions to their employees. To assist with lowering compliance costs and necessity to lodge FBT returns, a concerted effort to structure the actual concessions and wording of same, would be more beneficial and cost effective for employers to implement current or proposed changes.

Information Request 4:

As stated in the draft, moving from a 100% concession to a 50% concession would mean that several more employers will now be required to lodge an FBT return. This is contradictory to current ATO objectives of minimising compliance obligations for employers – most recently in the form of mandatory implementation of Single Touch Payroll for all employers.

Information Request 5:

The remote area boundaries, and varying boundaries between government organisations is very concerning. For example, I think the commission for providing evidence that residents of Darwin or Townsville are privy to more ZTO than a resident of Kalgoorlie-Boulder. Where access to public services is vastly different.

A uniform approach to what constitutes remote for all government payments/offsets/concessions would be highly beneficial. With particular attention to population, as this is generally how Commonwealth and State Government funding is provided, thus a population of 30,000 would not have comparable access to public services as a resident where population is 100,000.

Distance by road travel from densely populated areas should also be considered for the same reasons. Also worth noting, is that while many technological changes have taken place since many of these programs were implemented, the cost of access to these technologies is vastly different in remote Australia. For example, travel just 100kms out of Kalgoorlie and you would have issues using any telecommunications network. Another example which has been included in government consideration of late, is the cost of air travel from remote Australia.

Information Request 6:

Changes to current FBT concessions, whilst acknowledging that they are requiring of some work, any legislation that decreases incentives for Australians to live and work remotely will be detrimental on many levels.

In many remote locations, the employers that currently receive the benefits of these concessions, contribute directly to key public services, including health services. With increased compliance costs, employer's funds will be reviewed and these community-minded project investments may not be financially sustainable.

Another implication could be with health professional themselves, where employers may currently encourage them to live and work remotely, with the decrease or elimination of these concessions, this may lead to an even more difficult process to attract and retain health workers to remote areas – thus decreasing health services directly.

The remote areas where the largest changes are being considered, are currently sustaining the productivity of WA and Australia. The Pilbara in particular, has been the main reason that Australia has maintained growth for the past 23 years, while the rest of the world was impacted by several recessions during this same period.

Merely looking at the cost savings to the Country's bottom line, will not reflect the true impact. If employers cannot gain a sustainable and knowledgeable workforce, then production in these areas cannot be maintained. This will disadvantage these areas directly, while also decreasing available funds to contribute to key public services nationwide.