



11 October 2019

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

Dear Commissioners

DRAFT REPORT – REMOTE AREA TAX CONCESSIONS AND PAYMENTS INQUIRY

The Western Australian Police Union (WAPU) welcomes the opportunity to comment on the Draft Report (“the Report”) of the Productivity Commission’s (“the Commission”) inquiry into Remote Area Tax Concessions and Payments.

WAPU was founded in January 1912. Since then, WAPU has been at the forefront of representing the rights, interests and welfare of police officers throughout the State. WAPU currently has more than 6,400 Members which represents 95 per cent of all sworn and unsworn officers in the WA Police Force (WAPF).

WAPU would specifically like to comment on Draft Recommendation 8.1 of the Report (p 239) in relation to the application of Fringe Benefits Tax (FBT) on employer-provided housing in remote areas.

DRAFT RECOMMENDATION 8.1 TIGHTEN TAX TREATMENT OF EMPLOYER PROVIDED HOUSING

The Australian Government should amend the *Fringe Benefits Tax Assessment Act 1986* (Cth) to change the tax treatment of employer provided housing. Specifically, it should:

- revert the exemption for employer provided housing (section 58ZC) to a 50 per cent concession (as it was prior to 2000)
- remove the provision that enables employers to claim the concession because it is ‘customary’ to provide housing (section 58ZC(2)(d)(iii))
- remove the provision that extends the concession to additional areas for ‘certain regional employers’ (section 140(1A)).

Western Australia is the world's largest single police jurisdiction covering an area of more than 2.6 million km². WAPU Members are responsible for policing some of Australia's most remote and isolated communities. In recognition of this, such Members are often provided with Government Regional Officer Housing (GROH) rental accommodation as part of their deployment. This is in keeping with section 1.2.1.2 of the WA Government's GROH Eligibility Policy that allows agencies to use GROH to attract and retain appropriate staff from outside remote towns. WAPF estimated 1,180 police officers and civilian staff were residing in GROH provided accommodation by the end of 2017-18.

WAPU strongly opposes any amendment of section 58ZC of the FBT Act that reverts the exemption for employer provided housing to a 50 per cent concession. Our Members often have little choice over where they are deployed. They are posted by WAPF to provide an essential public service. WAPU Members reside in remote communities primarily for the purposes of law enforcement – not personal economic gain nor lifestyle.

The Report states that the effects of changing the FBT exemption are likely to be small and dispersed (p 240). WAPU disagrees, believing Draft Recommendation 8.1 will only exacerbate the existing stresses in remote areas faced by Members and their families. These stresses include:

- Offence rates 50 to 300 per cent higher than the Perth metropolitan area;
- Officers twice as likely to be assaulted on the job compared to their metropolitan counterparts;
- Low quality housing stock with long delays for repairs;
- Residences more likely to be identified and targeted by offenders;
- Less access to health services (especially psychological) for work-related injuries and trauma; and
- Current Stage Wages Policy where a \$1,000 p.a. salary increase was smaller than a \$1,560 p.a. increase in GROH rents – effectively a wage cut for Members working in Regional WA.

WAPU recognises solutions for these issues extend well beyond the Report's terms of reference. However, nor did our Members choose to take on these disadvantages as Draft Finding 5.1 seems to imply (p 169). Increasing their taxation burden without addressing the above issues will only cause Member morale to fall and make vacancies in remote communities harder to fill.

Draft Finding 5.2 states governments should focus on creating successful business environments regardless of their location (p 175). WAPU argues such environments are founded on a community having adequate law enforcement and security. GROH Policy inherently recognises that this is a more stressful task for our Members working in remote communities. Incentives like the existing FBT housing exemption are vital component for both individual recompense and effective service delivery.

On this basis, WAPU calls on the Commonwealth Government to reject Draft Recommendation 8.1 in its entirety.

If you have any further queries in relation to this matter, please do not hesitate to contact me.

Yours sincerely

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President