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Ms Lisa Gropp
Commissioner
Australian Productivity Commission

Dear Lisa,

Thank you for taking the time to meet with my council about the Commission's current study into Resources Sector Regulation.

We look forward to reading your Draft Report when it is released next year and welcome the opportunity to provide our views on its research and preliminary findings.

I would like to take this opportunity to confirm the main points of our discussion.

I appreciate that the Commission's study is focused mainly on reviewing the existing regulatory regime to assist investment outcomes.

However, in terms of the study's investigation on community engagement and public wealth-sharing, I offer the following views as we discussed in our meeting.

Council welcomes the Commission's examination of workforce development and infrastructure availability as key issues for investment.

We also stress the importance of upgrading support for value-adding processes within the resources supply chain, a priority not discussed within the Commission's Issue Paper.

In the case of Townsville, our city is not so much a centre for mining, but one that nevertheless plays a critical role in the resources supply chain. These strengths arise from our position as distribution base for goods flowing throughout the rest of Australia and out to the Asia-Pacific.

As such, there is significant latent capacity and skills in Townsville that can be developed to exploit emerging markets in advanced processing.

We strongly recommend that the Australian government fund greater research into manufacturing development and technological adaptation in regional centres like Townsville. This would identify key market opportunities and the supporting infrastructure investments required to activate them.

From a broader national policy perspective, Council also re-emphasises its previous feedback to the Productivity Commissions ongoing research into Remote Area Tax Concessions.

In particular, Council believes that the current regime of Fringe Benefit Tax (FBT) concessions is failing as a measure to improve resource investment in many regional communities.

However, under current eligibility requirements, FBT concessions for FIFO workers are predominantly benefitting capital cities (Brisbane and Perth), so long as employees based are travelling to work at suitably remote locations.

Council's view is that providing FBT concessions at the same rate for FIFO workers, whether they were based in capital cities or regional centres, provided little developmental benefit for regional Queensland. Consideration should be given to increasing the nominal value of FBT concessions for FIFO employers based in regional centres as opposed to capital cities.

Lastly, I'd like to recommend the Queensland Government's Works4Queensland (W4Q) program to the Commission as an example of best-practice community engagement and benefit-sharing.

Since 2016, the W4Q program has allocated \$600 million funding derived from royalty payments for local community infrastructure across regional Queensland. It was devised in consultation with local councils and has a specific focus on regional and rural areas.

It is differentiated from the Western Australian Royalties for Regions program (as cited in the Commission's Issues Paper), which directed funding to building new infrastructure. In contrast, the W4Q program supports the upgrade of existing community assets. This approach has produced significantly improved outcomes for Queensland local councils compared to the Western Australian experience, where the construction of new infrastructure assets has created severe operational and financial burdens for local councils.

W4Q funding is distributed to Queensland regional councils based on a quotient sensitive to local population and unemployment levels. It has played a part in providing local jobs and contracting for Townsville businesses.

From Townsville City Council's perspective, W4Q funding has played a key role in upgrading local parklands and CBD streetscapes. I know the similar benefits have been experienced in our neighbouring councils. We welcome ongoing investment in the program and recommend it as a model for study in other jurisdictions.

Thank you again for your interest in our community. Please feel free to contact me if I can assist you on any issue in the future.

Yours sincerely

Cr Jenny Hill
Mayor of Townsville