

17/7/2019

Dear Commission Members

Thank you for the opportunity to write to the commission as a person who has lived for the majority of my life some 50 years in remote and regional Australia.

In reviewing the "Remote Area Tax Concessions and Payments" I would like to see the follow occur

- Removal of FBT on all remote and regional housing.
- Increase Zone Allowance

My reasoning are as follows.

Removal of FBT on all Remote and Regional Housing

The FBT was designed to capture excessive spending by companies on luxury items that companies were providing as "bonuses" to employees. An example that was always used in the media were the excessive luxury cars that some company executives were afforded and high cost luxury meals and accommodation while travelling on business.

However what we did not see until the tax introduction was that "company towns" like Kambalda, Leinster and Newman which were built under condition imposed by previous governments, state and federal, that had the foresight to encourage this style of workforce accommodation (and which is sadly lacking now) are no longer cost effective benefit to resources companies. The net effect when this happened was to "open" regional centers, which then supported further activity in the Tourism, resources sector and Agriculture. The effect of the FBT has been to gradually force a reduction and decline in regional centers because there are other cost-effective uses of company money.

A reduction in FBT on remote and regional housing will encourage more companies to locate workers into regions for work. As we increase workers into regional areas this then through economies of scale reduces costs for other industries such as Tourism, resources sector and Agriculture.

From the federal government income sense the income from FBT on housing is not outweighed when regional and remote communities need more revenue to provide services, such as health and education. It is cheaper for government to provide services to larger communities. So, encouraging more people into regional and remote communities encourages better spending by governments.

Increase Zone Allowance

The Zone allowance was introduced to compensate people for hardship caused by living regionally and remotely, this included increased cost to transport and travel for people and goods. In answer to why this should be increased we only need to look at the WA state Government Fuel Watch website and enter the following post codes Perth 6000, Kalgoorlie 6430 and Broome 6725.

<https://www.fuelwatch.wa.gov.au/fuelwatch/pages/home.jspx>

For 17/7/2019 at 4:10pm

	ULP	Diesal
Perth 6000	125.9	136.9
Kalgoorlie 6430	144.7	148.9
Broome 6725	157.9	166.9

Fuel is an everyday necessity for regional and remote people. We do not have the luxury of subsidized transport that capital cities enjoy. We cannot catch a bus or a train, they are not available so we need to use fuel to move ourselves and our families for work, business and pleasure.

There are many other reasons why the ZA and this example exemplifies only one example of increased cost for regional and remote communities.

Conclusion

Both FBT on Housing in regional and remote areas and Zone Allowance are federal Government taxation instruments or by means they can influence outcomes.

“For taxation to work it must be fair”, a point made during the federal election by treasurer Josh Frydenberg. To allow FBT to work it must work as designed, FBT was designed to catch the largesse of company executives and unfair deductions made by those that sought to take advantage of “loopholes”. Regional accommodation that provides and increase in population into regional and remote areas by companies who need employees is not a “loophole”, this is necessary to raise numbers in areas that need population to increase the service offering to allow others community members to prosper in communities that other need more services. When these services such as education and health are provided correctly, we see an increase the outcomes for communities and then these services become easier to provide. When these services are correctly provided, they become less expensive to provide for governments.

The Zone Allowance was also designed to reduce the disparity in costs associated in living where services are less. To not raise the ZA is to actually admit that current taxation is not fair and that the federal government accepts that living regionally and remotely is a burden other do not bear and that taxation is being unjustifiably applied, and hence should be increased as stated in the following extracts. These extracts are quoted by others as a means to not increase ZA. These should actually be used to increase the ZA because other taxation costs such as fuel excise are being unjustly applied, by increasing costs for regional communities.

Legislative powers of the Parliament

51. (ii) taxation; but so as not to discriminate between States or parts of States; Commonwealth not to give preference

99. The Commonwealth shall not, by any law or regulation of trade, commerce, or revenue, give preference to one State or any part thereof over another State or any part thereof.

Rights of residents in States

117. A subject of the Queen, resident in any State, shall not be subject in any other State to any disability or discrimination which would not be equally applicable to him if he were a subject of the Queen resident in such other State.

In closing the Federal Government should reduce FBT to 0 on regional and remote housing. ZA allowance should be increased to reduce disparity between Regional and remote communities against those in city locations.

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