

11 October 2019

Mr Jonathan Coppel & Mr Paul Lindwall  
Remote Area Tax Concessions and Payments Study  
Productivity Commission  
GPO Box 1428  
CANBERRA ACT 2604

(via email: [remotetax@pc.gov.au](mailto:remotetax@pc.gov.au))

Dear Jonathan and Paul

**RE: Productivity Commission Draft Report on Remote Area Tax Concessions and Payments**

The Australian Petroleum Production & Exploration Association (APPEA) is the peak national body representing upstream oil and gas explorers and producers active in Australia. APPEA's member companies account for more than 90 per cent of Australia's petroleum production.

APPEA appreciates the ongoing consultation by the Productivity Commission in relation to remote area tax concessions and payments. APPEA understands that the Minerals Council of Australia (MCA), the Corporate Tax Association (CTA) and the Chamber of Minerals and Energy of Western Australia (CME) have made submissions throughout this process.

APPEA acknowledges that these submissions made by the MCA, CTA and the CME raise numerous concerns with respect to the draft findings and recommendations in the *Remote Area Tax Concessions and Payments Draft Report* dated August 2019. APPEA shares these concerns and supports the recommendations made by the MCA, CTA and CME.

APPEA is of the view that there should be no change to the current regimes that provide concessions and payments to those living and working in remote areas. Like many of the members of the MCA, CTA and CME, members of APPEA share similar operating challenges for those operations that occur in remote areas.

APPEA members develop and operate petroleum projects around Australia, which includes numerous petroleum projects being developed and operated in remote areas of Western Australia, South Australia, Queensland and the Northern Territory. These petroleum projects have seen the industry invest over \$350 billion in natural gas production, transport, liquefaction and export facilities over the last decade. The construction and operation of these facilities see the industry support around 80,000 jobs directly and indirectly.

For those petroleum projects that are being developed or are operating in remote areas of Australia, maintaining the existing remote area tax concessions and payments regime remains vital to the continued support, growth and development of remote areas of Australia. The concessions provided allow for employers to attract employees to live and work in remote areas, especially in instances where the cost of living is significantly higher due to banks being unwilling to lend, the higher costs of insurance associated with remote areas, and the higher costs of transporting goods and materials into these areas.

The proposed changes to employer-provided housing exemptions may also have an unintended effect of encouraging employers to alter their employment arrangements. Specifically, it may encourage employers to favour fly-in fly-out (FIFO) arrangements over supporting jobs and growth of remote areas. Furthermore, it may also result in a higher cost-of-living to those living and working in remote areas, with the flow-on implications impacting on the costs of business and ultimately, the Australian economy.

The continued support and stability of the existing remote area tax concessions and payments regime is key to the ongoing prosperity of the oil and gas industry. The concessions and payments support employees who drive the success of Australia's oil and gas project operating in remote areas and ultimately, ensuring Australians derive the greatest economic benefit from their oil and gas resources.

If you have any queries or for further information in relation to the contents of this letter, you can contact Simon Staples, Director – Commercial

Yours sincerely

**Andrew McConville**  
Chief Executive

*Copies to: Minerals Council of Australia; Corporate Tax Association; Chamber of Minerals and Energy of Western Australia*