

Remote Area Tax Concessions and Payments
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To Whom it May Concern,

REMOTE AREA TAX CONCESSIONS AND PAYMENTS ENQUIRY – SUBMISSION BY REGIONAL DEVELOPMENT AUSTRALIA GOLDFIELDS ESPERANCE

Regional Development Australia (RDA) is an Australian Government initiative that brings together all levels of government to enhance the development of Australia's regions. A national network of RDA committees has been established to achieve this objective. Regional Development Australia Goldfields-Esperance (RDAGE) is one of nine RDA Committees in Western Australia.

RDAGE supports an examination of the Remote Area Tax Concessions and Payments in accordance with the framework outlined in the issues paper and provide the following summary on the Goldfields-Esperance region.

Executive Summary

The Goldfields-Esperance region is situated in the south-eastern corner of Western Australia and incorporates nine local government areas; the City of Kalgoorlie-Boulder and the Shires of Coolgardie, Dundas, Esperance, Laverton, Leonora, Menzies, Ngaanyatjaraku and Ravensthorpe. The region has a land mass of 771,276 square kilometres making it just under a third of the total land mass of Western Australia and over three times that of the State of Victoria.

This Goldfields-Esperance region has a population of approximately 56,000¹ people. Kalgoorlie-Boulder is the largest of the population centres, with a population of approximately 30,500¹, and is approximately 600 kilometres from Perth and 400 kilometres from Esperance, the second largest of the population centre with a population of 14,500¹. Esperance itself is approximately 800 kilometres from Perth.

Challenges for the Region

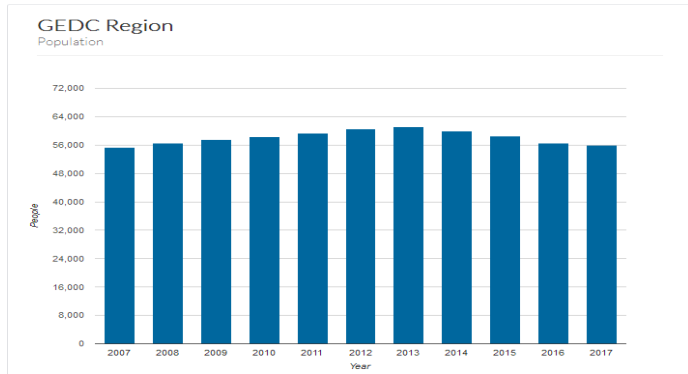
Whilst there are many advantages of living in the Goldfields-Esperance region such as lifestyle and employment opportunities, Goldfields-Esperance residents are often at a financial disadvantage to their Perth counterparts due to factors such as:

- High cost of airfares - Flight costs to the Goldfields-Esperance region from Perth are significantly higher than comparable flights from other major cities to their regional centres. An average return airfare (for the week of 6 May to 12 May 2019) was \$794 which equates to approximately \$0.67 per km.

¹Source: Australian Bureau of Statistics, Regional Population by Age and Sex, Australia, 2017

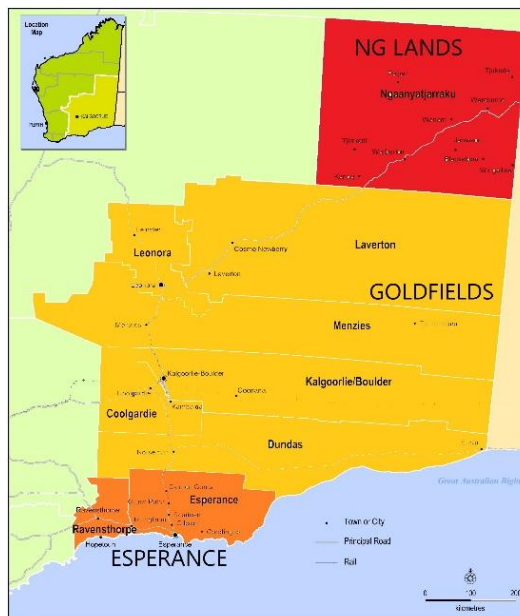
- High fuel prices – The average cost of ULP in the Goldfields-Esperance region was 14.8 cents per litre higher than the Metro average for the Jan to Apr 2019 period. The average price for Diesel in the Goldfields-Esperance region was 6.9 cents per litre higher than the Metro average.²
- Lack of specialist medical services requiring residents to travel to Perth for treatment.
- Cost of living – the Regional Price Index for the Goldfields-Esperance region is 101.3.³

ABS data shows the Goldfields-Esperance region as having a declining resident population. Like many regional towns, this is a challenge for the region as it hampers economic growth and impacts on their ability to retain services.



The Goldfields-Esperance region is made up of three sub-regions:

- I. the Goldfields sub-region - the City of Kalgoorlie-Boulder and the towns of Norseman, Coolgardie, Kambalda, Menzies, Leonora, Laverton and Leinster;
- II. the Esperance sub-region -the area south of Norseman that includes the towns of Esperance, Munglinup, Condingup, Ravensthorpe, Hopetoun, Grass Patch, Salmon Gums, Gibson and Scaddan; and
- III. the Ng Lands area - the Shire of Ngaanyatjarraku in the north east of the region.



Each of these sub-regions has different economic characteristics and challenges.

²Source: Fuel Watch Historical Price Search

³Source: Department of Primary Industries and Regional Development Regional Price Index 2017

⁴Source: Australian Bureau of Statistics, Regional Population by Age and Sex, Australia, 2017

The Goldfields sub-region is predominately a Mining region with over a third of employment opportunities within the Mining sector. One of the critical issues within the Goldfields is the ability to attract and maintain a resident workforce. The area is currently suffering from a resident skills shortage with over a 1000 estimated job vacancies, mostly in Mining and trades.

A shortage in local skilled workers is forcing local employers to look elsewhere including Fly in Fly out workers. Skilled workers in Perth are choosing to take up FIFO work in preference to moving to regional centres due to the financial benefits of FIFO work⁵. "The subsidisation of FIFO/DIDO work practices through taxation concessions to mining corporations distorts the capacity of workers to make the choice to live and work in regional communities and in fact encourages the practice."⁶

To address this issue key regional stakeholders are adopting a number of different strategies to entice workers to live in the Goldfields rather than commuting from Perth. The strategies include:

- Holding a Kalgoorlie Jobs Expo in Perth to advertise the jobs available within the region and the benefits of living in Kalgoorlie-Boulder to the Perth community;
- Various marketing and advertising campaigns to promote the advantages of living in Kalgoorlie-Boulder and the surrounding region to help potential residents make informed decisions about the opportunities and lifestyle
- Entering into a Designated Area Migration Agreement (DAMA) with the Australian Government to allow Goldfields employers to sponsor skilled and semi-skilled workers in areas experiencing shortages;

Most of the towns and regional centres within the Goldfields sub-region are located in a Zone B area. The towns & communities to the far north and east of the region (including Laverton, Leinster, Warburton and Eucla) are classified as 'Zone B special area'. As highlighted in the issues paper, the zone tax rebate is not significant enough to have any impact on the financial decisions of those choosing to relocate to the region for work. Tax benefits to those living in the Goldfields-Esperance region would help to 'even the playing field'.

The Esperance region is predominately an Agricultural, Fishing and Aquaculture region with some mining activity and a deep sea port facilitating imports and exports for the region. Tourism is an important and growing industry in the region with an abundance of natural attractions. The population of the Esperance sub-region is not as transient as that of the Goldfields with less FIFO employment. The Esperance region has a very low unemployment rate of 3.8% in Esperance and 4.51% in Ravensthorpe.

The cost of living in Esperance is slightly higher than the cost of living in Kalgoorlie. According to the 2017 Regional Price Index report issued by the Department of Primary Industry and Regional Development, the Regional Price Index for Esperance is 101.8 compared to the Kalgoorlie index of 100.8. The towns in the Esperance sub-region are in the Zone B area.⁷

⁵Source: Mental Health Commissions Impact of FIFO work arrangements on the mental health and well being of FIFO workers report, September 2018

⁶Source: House Standing Committee on Regional Australia's report on the inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia entitled Cancer of the bush or salvation for our cities? Fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia, 2013

⁷Source: Department of Primary Industries and Regional Development Regional Price Index 2017



The NG Lands area is home to many Aboriginal communities and some of the most remote locations anywhere in Australia. The Lands is predominantly desert and is approximately 1,000 kilometres from the nearest towns of Alice Springs and Kalgoorlie. Employment is mostly in the Health Care & Social Assistance, Education & Public Administration & Safety sectors. The Ng Lands comprises of 11 communities with a total population of approximately 1,600 residents.

There is no data available on the cost of living in the Lands however the Regional Services Reform 'Resilient Families, Strong Communities: Key insights from consultation with remote Aboriginal communities in Western Australia' reports most NG Lands residents raised concerns about the high cost of feed and supplies and lack of fresh fruit and vegetables available in Community stores.

The Regional Services Reform report also notes that NG Lands Community members often need to travel to Alice Springs, Kalgoorlie or Perth to access services, and across the region for cultural reasons, such as funerals, lore or family commitments. Many residents reflected on the challenges and cost of a 2,000 kilometre round trip by car or bush bus to either Alice Springs or Kalgoorlie, places in which they then struggle to find accommodation and transport options.

The Ngaanyatjarraku shire is ranked 9th on the ABS SEIFA Index of Relative Socio-economic Disadvantaged LGA's in Australia. The communities in the area are classified as Zone A special area or Zone B special area.

Irrunyjju (Wingellina)	Zone B special area
Kiwirrkurra	Zone A special area
Mantamaru (Jameson)	Zone A special area
Papulankutja (Blackstone)	Zone A special area
Patjarr (Karliywara)	Zone A special area
Kanpa (Pira-Kata)	Zone B special area
Tjirrkarli	Zone A special area
Tjukurla	Zone A special area
Warakurna	Zone A special area
Wanarn	Zone A special area
Warburton	Zone B special area

⁸Image Source: [Telecommunications Journal of Australia](#)

Conclusion

RDAGE have identified resolving regional workforce issues as a key priority in its 2019 – 2020 Business Plan. Any financial compensation for the high cost of living in the regions through income tax deductions, and allowing companies the same deductions for resident employees as FIFO would assist regions in encouraging people to settle in remote areas and take up local work opportunities. Attracting residents to regional areas supports industry, economic development and communities providing opportunities for them to grow and retain services.

Please do not hesitate to contact me if you would like to discuss this submission further.

Yours sincerely,

Mrs Lee Jacobsen
Chairperson
29 April 2019