

SUBMISSION TO BE LODGED ONLINE AT: www.pc.gov.au/remote-tax

3 May 2019

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

Dear Sir/Madam

RE REMOTE AREA TAX CONCESSIONS AND PAYMENTS INQUIRY - SUBMISSION

We welcome the opportunity to provide a submission to the Productivity Commission for the Remote Area Tax Concessions and Payments Inquiry which has been established to determine the appropriate ongoing form and function of the zone tax offset, FBT remote area concessions and remote area allowance.

Isaac Region falls within the FBT remote area classification. The Isaac Region has an FTE population of approximately 33,070 dispersed across 17 communities and an area of more than 58,000 square klms. The FTE population comprises a resident population of 20,990 and a non-resident population of 12,075.

As a remote area classified region our Council strongly advocates for its communities on a range of socioeconomic matters which impact on the attraction to and livability of our region – for example exorbitant regional airfares and lack of availability of affordable housing in a resource rich region which are detrimental to the attraction and retention of essential services personnel.

Remote area tax concessions and payments provide a mechanism for businesses to provide employees with a range of remote area housing concessions including residential fuel concessions.

The operation of FBT concessions in their current form have the effect of the employer receiving the majority of the benefit and impacts on the ability of communities to attract and retain residents through commitment to home ownership by way of access to remote area incentives. Additionally, the current concessions are disproportionate in benefitting larger businesses and not SMEs.

It is considered that any reform should:

- remove inconsistencies that exist between employer provided and employee provided housing in remote areas that effectively discriminate against employees residing in remote areas who commit to that location through the acquisition of a home or the entering into a lease on a house in their own name;

- provide consistency on the treatment of the provision of household water under the FBT remote area concessions by including it within the definition of residential fuel; and
- ensure that any changes proposed to the distance from an Eligible Urban Centre areas for eligibility to incentives are not based on arbitrary decisions but on considered needs and circumstances of specific communities and regions; and
- not disproportionately benefit larger businesses by including eligibility for SMEs.

The suggestions noted would encourage permanent residential growth in regional areas together with equitable application of concessions for remote employers and employees in SME's as well as large business.

Whilst a review of Remote Area Tax Concessions and Payments is warranted, it is considered critical that particular attention against unintended consequences of any changes are fully scrutinised.

We thank you for the opportunity to provide comment on the Remote Area Tax Concessions and Payments inquiry and if you wish to discuss any aspect further, please contact Tricia Hughes, Coordinator Executive Support .

Yours faithfully