



**Central Australian
Aboriginal Congress**
ABORIGINAL CORPORATION | ICN 7823

Jonathan Coppel
Presiding Commissioner
Remote Area Tax Concessions and Payments Study
Productivity Commission

11 October 2019

Dear Commissioner Coppel

Remote Area Tax Concessions and Payments, Productivity Commission Draft Report

Central Australian Aboriginal Congress Aboriginal Corporation (Congress) would like to make a submission to the Productivity Commission in response to the Draft Report on the Remote Area Tax Concessions and Payments (Draft Report).

Congress has provided support and advocacy for Aboriginal people in the struggle for justice and equity for over 45 years. In that time, Congress has expanded to become the largest Aboriginal community-controlled health organisation in the Northern Territory, providing a comprehensive, holistic and culturally-appropriate primary health care service to Aboriginal people living in and nearby Alice Springs, including six remote communities; Amoonguna, Ntaria (and Wallace Rockhole), Santa Teresa, Utju (Areyonga) and Mutitjulu. Today, we are one of the most experienced Aboriginal primary health care services in the country, a strong political advocate of closing the gap on Aboriginal health disadvantage and a national leader in improving health outcomes for all Aboriginal people. We employ 426 people in a range of roles including General Practitioners, Nurses, Psychologists, Podiatrists, Occupational Therapists as well as a range of other management and support roles as well.

Congress encounters great difficulty in recruiting to the positions that come open due to the required skills that are rarely available locally. The concessions that are available to the staff who take up these positions are an extremely important aspect of our recruitment and retention strategy for our workforce. The following proposed FBT changes to the Remote Area Tax Concessions will have a significant impact on Congress and our employees:

- Change the employer provided housing concessions;
- Remove the partial concessions on employee sourced housing;
- Limiting some and removing other elements of the residential fuel concession;

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**Aboriginal health
in Aboriginal hands.**

- Remove the holiday tax concession; and
- Remove the Zone and Overseas Forces Tax Offsets

Many of our staff are recruited from major centres and the concessions that are being recommended for removal are a key initiative in helping us recruit staff. The skilled professions we need to fill are sought after across Australia and the ability to provide these tax concessions helps us provide competitive remuneration packages. The removal of these concessions would require us to increase salaries to stay competitive which would ultimately lead to us employing less people as our revenue will not increase to cover these increases. Ultimately, the impact will be a reduction in the health services to the people in Australia who need the services most.

Congress takes exception to the following comment made by the Commission on page 17 of its report:

“The Commission does not consider that higher living costs or other aspects of life in remote areas warrant compensation from other taxpayers. Everyone faces a range of advantages and disadvantages in where they live, and will typically locate themselves in the area they value most highly.”

Living in remote areas is not an easy lifestyle. Living in very remote areas is considerably harder. People in remote Australia already have an increased cost of living than many other people in Australia. Whilst in some areas, access to major food chains (and National pricing) provides some protections to general grocery costs, this only helps for grocery items. Those areas without a major food chain do not get the same protections. However, outside grocery items, there is little relief. Fuel costs are higher, transport costs to distribute items to enable access, the limited supply of trades and other professions leads to people in remote Australia incurring higher costs on most items. As a result of these higher costs, this results in people in remote Australia making a disproportionate contribution to our GST and other indirect tax revenue. The costs outside major centres in the NT is extreme. The NTCOSS Cost of Living Report Number 24, released in July 2019 shows that there is a 60% cost increase between healthy food costs in an NT remote stores compared to the supermarkets in the major centres. This differential has been growing over the last 10 years not reducing.

Many of the concessions under consideration are concessions aimed at enticing families to relocate to work in remote areas. Congress has some occurrences of fly in fly out workers however, generally, find that those staff that do relocate enjoy greater connection with the people they are here to serve and as a result they participate and invest more into the community in which they live. We believe a result of the concessions would be that more staff would choose to adopt a fly in fly out approach as the cost of relocating and maintaining a family would be disproportionately high as compared to the area they were attracted from.

Congress does see the inequitable distribution of the claims for the zone tax offset as concerning. However, we believe we need to be very careful not to “throw the baby out with the bathwater” here. Just because there is a perceived problem in one aspect does not mean that we should scrap the concessions altogether. A better approach would be to review this concession to bring back the equity balance. The Henry Report into Australia’s Tax System, released in May 2010, similarly addressed the need to review the zone tax offset in recommendation 6.

Congress believes that the recommendations made in the Draft Report need to be considered in the context of the Our North, Our Future: White Paper of Developing Northern Australia (White Paper) released in 2015. The recommendations within the Draft Report are inconsistent with the aims of the White Paper. Within the foreword to the White Paper, The Honourable Tony Abbott MP, then Prime Minister of Australia, The Honourable Warren Truss, then Deputy Prime Minister of Australia, and the Honourable Andrew Robb AO MP, then Minister for Trade and Innovation state:

"We will drive down the costs of operating in the north for business; making it a more attractive place to invest and work. By making the right regulations and infrastructure investments, we can encourage jobs and tackle the costs of living far from major cities"

We fail to see how the recommendations within the Draft Report fit within this current policy of the Australian Government.

Thank you for the opportunity to provide our feedback on the Draft Report.

Should you require any further information please do not hesitate in contacting me.

Yours sincerely

Donna Ah Chee
Chief Executive Officer