

13 February 2020

The Hon Josh Frydenberg MP
Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Dear Treasurer

Productivity Commission of Australia – Final Report - Remote Area Tax Concessions and Payments

I write on behalf of the eight mayors and councils of Queensland's North West Region in response to the Final Report of the Productivity Commission's review of remote area taxation concessions and payments.,

Not surprisingly we are very concerned at the recommendations and, frankly, extremely disappointed that the Commission could be so closed to the representations made by leaders and residents of rural and remote Queensland and Australia to recommend the abandonment of these modest taxation concessions. These concessions support workers and businesses in these challenging but vitally important locations of economic activity making a major contribution to the national wealth and prosperity.

In North West Queensland there are 28,970 residents across 305,835 square kilometres. The average age is 35.5 years and one in four residents is indigenous. There are 12,640 local workers and 3,590 fly-in fly-out works. Sadly, the local work force and populations are declining except in the discrete aboriginal communities leaving the burden to supporting essential community services and facilities to a smaller resident base. In addition, the high cost to build and the transient nature of the workforce means there is a constrained housing market.

Therefore, taxation concessions that support residents - be they workers, unemployed, pensioners or retirees, and assist employers to provide and employees to source accommodation – a fundamental prerequisite to recruiting and retaining a workforce in rural and remote areas, should not be under threat of removal.

We acknowledge that in certain areas the zone tax offset is now not relevant and have supported changes to remove the offset e.g. in cities such as Darwin and Cairns. However, in our region which is unquestionably remote these concessions should be retained and updated given the time the current amounts have been in place.

For these reasons the NWQROC calls on the Federal Government to not adopt the following recommendations:

- the abolishment of the zone tax offset (Recommendation 5.1)
- the tightening of tax treatment for employer-provided housing (Recommendation 8.1)
- the removal of concessions for employee-sourced housing (Recommendation 8.2), and



- the tightening of tax treatment of other goods and services (Recommendation 8.3).

However, should the government consider adopting these recommendations it must put in place alternatives that are targeted and appropriate to the needs of truly remote regions and communities. In this regard the NWQROC is willing to play a part in developing and piloting new arrangements. In this regard we ask that you request Treasury to undertake a review of the many suggestions offered in submissions, and those available from other sources, to enhance current incentives and introduce new incentives to support residents, workers and employers in genuinely remote areas of our nation.

Yours sincerely



Cr Jack Bawden
Chair

