

Plan to cut remote tax concessions a backward step



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As Local Governments and communities across the State prepare for the impact of coronavirus, the resilience of our sector and local communities will undoubtedly be tested however I am confident that our established emergency planning will serve us well and we will continue to communicate with our communities.

In addition, many in remote areas are concerned about the possible extra burden of misaligned tax changes.

A Productivity Commission report into Remote Area Tax Concessions and Payments last month recommended abolishing some important concessions designed to redress some of the challenges of living and working in regional areas, one being Zone Tax Offsets.

As it currently stands, singles living in these remote areas receive a modest \$57 to \$1173 annually in these offsets.

Instead of being abolished, it needs to be adjusted to reflect the current cost of living, such as increased costs of groceries, transport and telecommunication.

Another recommendation is the reduction of the Fringe Benefits Tax Concession that allows employers in remote areas to provide subsidised housing, to attract and retain workers in the community.

On top of assisting organisations in regional and remote areas to attract staff, it also encourages population growth, as new workers become part of the social fabric when they live in the community.

The removal of this concession may incentivise the uptake of Fly-In-Fly-Out staff as a more financially viable option, which risks decimating the population of country towns.

Country Local Governments will

be hardest hit if they are unable to provide subsidised accommodation to attract staff, which may result in reduced services to the community.

In the backdrop of communities devastated by bushfires and facing a pandemic, regional development should be at the forefront of action among all spheres of Governments.

It is concerning the recommendations advocate a large backward step instead, which flies in the face of discussions around economic development in remote areas.

Further demonstrating a lack of policy direction, the Productivity Commission also failed to recommend alternative mechanisms that provide support for Australians living in country areas, despite being included in the terms of reference.

The Local Government sector is all for modernising policies and measures, but there is no benefit to the community in abolishing these incentives.

It is heartening that both State and Federal Government have the same view – the State Minister for Regional Development Alannah MacTiernan made a submission against the abolishment, while Federal Assistant Treasurer has ruled out recommendations by the Commission to axe the concessions.

These are just verbal indicators, however, and Local Government Associations are seeking formal confirmation from the Federal Government to ensure these recommendations are put aside once and for all.

A joint letter, representing 230 Councils across the country, was sent to Federal Treasurer Josh Frydenburg this week, urging him to not adopt the short-sighted recommendations within the Productivity Commission's report.

It is important that the Federal Government understands the far-reaching benefits of the tax concessions, to prevent the lack of policy direction from haunting remote communities in the future.

