



**RE - SUBMISSION TO THE PRODUCTIVITY COMMISSION ISSUES PAPER -**  
**REMOTE AREA TAX CONCESSIONS AND PAYMENTS (MARCH 2019)**

This submission is presented on behalf of the members of the Weipa Town Authority and the community of Weipa.

The Weipa Town Authority (WTA) operates and functions as a local government and acts as the local authority for Weipa. The Weipa Town area is governed by Rio Tinto by virtue of the Commonwealth Aluminium Corporation Pty Limited Agreement Act 1957 (Qld) and the Comalco Aluminium Corporation Pty Ltd Agreement.

Weipa is a community situated on the Western Coast of Cape York peninsula with a population of 4,000 people approximately. Geographically we are located 880 klms N/W of Cairns in an area that would be considered one of the most remote parts of Australia.

The town was started with the beginning of the Bauxite mine and 50 years later mining remains the main industry for the town and surrounding areas. Weipa contributes >\$500 million in taxes and royalties from the mining alone, added to this are the other businesses that operate from the town which would make this a sizeable contribution for such a small population. The town also supports the indigenous communities located in the region (Napranum, Mapoon, Aurukun and Northern Peninsula Area) by providing regional government and community services. The Weipa airport and the Port of Weipa are the main transport links into the region.

The Weipa Town Authority is working with the Queensland Government and Rio Tinto to grow and diversify the economy regionally and to improve the liveability and amenity of the Weipa area, as it becomes less reliant on mining. To be able to do this, it is critical to attract qualified employees and their families, but also to retain these employees in the longer term. Accordingly, remote area tax concessions and payments are of vital importance to supporting Weipa in achieving these goals.

It is widely understood that the cost of working and living in a remote area like Weipa is considerably higher than people living and working in major regional and urban centres such as South East Queensland. The cost of airfares to the nearest regional centre in Cairns are higher than the cost of airfares to any of the major capital cities on the Eastern coast of Australia and is a huge impost to travel into and out of Weipa.

The Weipa Town Authority firmly believes that in order to attract and retain individuals to live and work in this area, there needs to be some mechanism of assistance (in the way of an allowance or tax offset) to assist in covering the higher cost of living and remoteness of the living and working environment. The ability of employers to attract workers to a remote area when they are in competition with businesses located in less remote areas of Australia would be adversely impacted with the loss of these remote area tax concessions and payments, as described in the Productivity Commission Report.

The Australian Government, through the Office of Northern Australia has pledged to grow a stronger northern economy through a long-term agenda of investment and support. The agenda of Developing Northern Australia seeks to unlock the region's full economic potential as a gateway to global markets, a source of rich resources and a home to pristine environments.

The tyranny of distance makes living and doing business very challenging. It is difficult to believe that this vision will ever be realised without some means of offsetting the disadvantage currently experienced by individuals and businesses living and working in the remote towns of Northern Australia. Concessions and remote area payments help to facilitate the development and sustainability of remote communities at all levels – economic, social, cultural and environmental.

I agree that remote Australia has changed significantly, and that some areas are no longer isolated but remain eligible. Remote concessions continue to play an important role in regional economic development are considered to still be relevant. Specifically,

1. The zone tax offset should therefore be reviewed and updated to reflect the current situation, and the definitions of regional and remote areas be revisited. It should not be abolished, as it is a relevant and important government measure that does assist people, businesses and communities to survive and thrive in regional and remote areas.
2. Similarly, I accept that the remote area allowance provisions will benefit from a refresh with boundaries updated to contemporary measures of remoteness and payments reviewed.
3. The Fringe Benefits Tax remote area concessions are not seen to be over generous. A reduction to the employer-provided housing exemption and removal of the concession for holiday transport from remote locations will have significant financial impacts on a large percentage of households (estimated to be 50% of the population) living and working in Weipa.

The cumulative effects of these proposed changes to concessions and payments will negatively affect the economy for areas such as Weipa, and less money will be available to spend locally. Employees will look elsewhere or secure fly in fly out arrangements with their families moving to larger cities and towns. In turn, creating disadvantage, missed local business opportunity and economic decline for many remote towns across the North.

**Michael Rowland**  
Chair  
10 October 2019