



Hon Alannah MacTiernan MLC
Minister for Regional Development; Agriculture and Food; Ports;
Minister Assisting the Minister for State Development, Jobs and Trade

Our ref: 64-11981/8

Mr Jonathan Coppel
Commissioner
Remote Area Tax Concessions and Payments
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

Dear Mr Coppel

GOVERNMENT OF WESTERN AUSTRALIA'S RESPONSE TO THE PRODUCTIVITY COMMISSION: DRAFT REPORT INTO THE REVIEW OF REMOTE AREA TAX CONCESSIONS AND PAYMENTS

The State Government of Western Australia (WA) welcomes the opportunity to make a submission in response to the Draft Report on Remote area tax concessions and payments (Report) released by the Productivity Commission (Commission) in September 2019.

As previously indicated in the State Government's submission to the Commission's Issues Paper in April 2019, the Government of WA supports ensuring Commonwealth remote area concessions have clear policy objectives that assist regional development. The Government of WA is committed to championing the regional economy, facilitating investment in infrastructure and supporting sustained economic activity, jobs and living standards in the regions.

As such, we take the view that the Report's recommendations contain serious ramifications for the State and regional industries (including mining) if implemented. We urge the Commission to reconsider its draft recommendations ahead of releasing its final report.

The Government of WA is particularly concerned with proposed changes to Fringe Benefit Tax concessions. In the absence of unequivocal evidence to the contrary, we are concerned these changes will have serious adverse impacts on our regions. These include:

- adversely impacting on wages and employment decisions;
- removing incentives for employer investment in remote areas; and
- creating significant cost and disadvantage for individuals, including changing the economic viability of people's existing mortgages.

WA's concerns are outlined in the attached response.

We acknowledge the Commission's upcoming visit to WA to engage with stakeholders and look forward to discussing the Report in detail. We trust these conversations, and the Government of WA's response, will assist the Commission in reconsidering its draft recommendations.

For further assistance, please contact Martin Clifford, Manager, Policy and Economics at the Department of Primary Industries and Regional Development

Yours sincerely

**HON ALANNAH MACTIERNAN MLC
MINISTER FOR REGIONAL DEVELOPMENT; AGRICULTURE AND FOOD; PORTS;
MINISTER ASSISTING THE MINISTER FOR STATE DEVELOPMENT,
JOBS AND TRADE**

Att. Government of Western Australia's Response to the Productivity Commission: Draft Report into the Review of remote area tax concessions and payments