



Shire of Ashburton
Special Council Meeting
Attachments
Public

**Council Chambers, Onslow Shire Complex, Second
Avenue, Onslow**
Onslow

25 October 2021
7:00pm

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11.1A “More than Mining” Campaign – Request for Council Support



More Than Mining | Fringe Benefits Tax reform to transform regional Australian mining cities and towns

For Australia to strengthen the international competitiveness of its economically critical resources export industry and enhance the attractiveness of the proposition of regional town residency, it must embrace tax reform to deliver sustainable and affordable housing to the essential workforces of mining communities.

Normalising living costs in regional mining cities and towns is in everyone's best interests.

Sustainability of regional mining towns depends on tax reform.

Sustainability of regional mining communities is being deprioritised. As a nation, we can no longer celebrate commodity cycle revenue windfalls but ignore the individual costs and risk that are inherent in these cycles.

Currently, liveability of regional mining cities and towns disproportionately depends on mining companies providing disparate wages and company subsidised/provided housing to attract and retain necessary workforces. This is an outcome of current concessions inequitably benefiting larger enterprise over SMEs and resident non-mining employees.



WHAT THAT MEANS FOR REGIONAL COMMUNITIES

- Transient populations
- Unstable labour pools
- Enduring reputational impacts
- Lack of community engagement
- Perpetuation of social issues
- \$7 coffee and no one to make it for you

In order to attract and retain necessary labour in regional mining towns to strengthen and grow resource sector competitiveness and diversify industry, individuals need to be incentivised to stay or relocate to these regions for sustained periods of time. This incentivisation, a simple reform of Remote Area Allowances via the Fringe Benefits Tax Act, has the potential to increase residential labour pools, which will ultimately contribute to economic prosperity, equitable liveability and enhanced community wellbeing.

Until there are policy incentives on the table to grow and diversify remote mining communities to be 'More Than Mining', our global economic competitiveness will continue to suffer at the hand of volatile housing markets, inflated living costs and sustained labour shortages.



Where we are → Where we want to go

Current State Inequitable Liveability & Tarnished Reputations	Future State Attractive, Opportunity-Rich Long-Term Propositions
<p>Currently, liveability of regional mining cities and towns disproportionately depends on mining companies providing disparate wages and company subsidised/provided housing to attract and retain necessary workforces. This is an outcome of current concessions inequitably benefiting larger enterprise over SMEs and resident non-mining employees.</p> <p>The 'boom and bust' realities of these cities and towns that support Australia's key export industries are perpetuated by volatile commodity prices and construction cycles. High living costs and demanding labour conditions (FIFO) contribute to the reputational challenges facing these regions, with metropolitan populations largely united in their perceptions of these cities and towns as places to "get in, get rich, get out".</p> <p>Those unable to access employer-provided salary packaging benefits are discriminated against as they must work harder and pay more out of pocket to live within these communities – despite being valuable contributors to the social, cultural and economic fabric of the cities and towns.</p> <p>This is particularly relevant for coal communities. As these cities and towns look to the future, they deserve a long overdue sustainability roadmap. We cannot depend on coal for decades and then turn our backs on these towns' hardworking residents.</p> <p>Previous policy actions of governments and mining companies investing in housing have not solved the counter-cyclical rent and housing affordability crises faced by the communities that are working hard to deliver valuable export revenue streams.</p>	<p>In order to attract essential labour to mining regions, we must bust the myth that a regional move is a risk or a sacrifice, or that the primary motivation to live regionally is for a salary vs. lifestyle.</p> <p>There is value in these communities beyond mining jobs. Our regional communities should be seen as places of prosperity, cultural enrichment and opportunity.</p> <p>Repositioning mining towns and cities as financially attractive, long term propositions with economic diversity and thriving, inclusive communities is essential to their sustainability and prosperity. The prosperity of established industry and small businesses, Aboriginal communities, future growth sectors and existing communities depends on targeted tax reform that aims to normalise living costs and enables more equitable service delivery in these regional mining cities and towns to ensure they are able to compete with more desirable regional destinations for relocating populations.</p> <p>That begins with incentivising individuals and families to invest and innovate in regional mining communities, rather than needing to rely on the provision of FBT-incentivised company housing as the primary enabler of regional residency.</p> <p>This 'More Than Mining' remote area FBT tax reform paper proposes that current remote area FBT concessions be equalised to enable employees residing in regional and remote areas across Australia access to the same allowances as their employers.</p> <p><u>Reputational end goal: Sustainable, stable and inclusive regional communities, home to skilled and diverse residential workforces who continue to fortify our Nation's economic prosperity.</u></p>

Current policy

- Currently, employer/company provided rental accommodation & owned accommodation is 100% FBT exempt.



- Currently, employee/individual provided rental accommodation and employee/individual incurred mortgage interest and principle are 50% FBT exempt.



Proposed reform – equalising benefits for both companies and individuals

- We need to remove inconsistency and unfairness by expanding the existing 50% FBT exemption to 100% for employee/individual provided housing in remote area mining communities.





Costs to the Australian Federal Government

preliminary costings subject to consultant review not for distribution

Partners population bases:

- Pilbara region 65,000
- Goldfields region 40,000 exc Esperance
- Isaac region 30,000
- Mt Isa 20,000
- Broken Hill 20,000

Total 175,000

Assumptions:

- 2.8 people per house 62,000 houses in the region.
- 35% owner occupiers = 22,000 existing eligible houses benefit 15K/year average.
- 20,000 renters could benefit 15k/year average.

Therefore, 42,000 house to benefit from reform to 100% FBT exemption, assuming conservative 50% uptake = **cost \$315 million per year.**

*Potentially offset by boundary change to remote areas as recommended by Productivity Commission

Multidimensional Benefits of the Proposal

Overarching

Sustainable, stable and inclusive regional communities home to skilled and diverse residential workforces who continue to fortify our Nation's economic prosperity

Economic

Labour portability - incentive for skilled labour to move between Australian resource hubs that need specialist skills

Housing affordability - stabilising property prices by incentivising regional relocation, slowing population churn and attracting new investment

Local prosperity - injecting more money back into communities by easing the burden on existing households' living costs

For individuals - more money in their pockets - ability to pay off mortgage quicker

Increase cost competitiveness and employee retention for employers in regional hubs

Growth and renewal of housing stock

Net savings to taxation system by transitioning from company to individual exemptions

Greater industry diversification and innovation

Social

More engaged, invested and inclusive communities

Mental health benefits of keeping families living together vs. FIFO

Equitable home ownership opportunities for indigenous populations

Attractive employment opportunities for long-term unemployed / unskilled

More equitable, impactful social service delivery

More robust communities impetus for improvement of education, childcare and health offerings

Environmental

Resource and talent to develop infrastructure, innovation and industry to transition to renewables

Reduction of FIFO /IDDO environmental impacts - acceleration of resource sector carbon targets

Call to Action

The sponsors of 'More than Mining' Fringe Benefits Tax reform to transform regional Australian mining cities and towns call on all political parties to adopt this FBT reform paper as a key commitment for the upcoming Federal Election and to introduce a FBT Amendment Bill to expand FBT exemption benefits to 100% for remote mining communities into the parliament in the first 100 days of the new government.



11.1B “More than Mining” Campaign – Request for Council Support

MORE THAN >>> MINING

Fringe Benefits Tax reform to transform regional
Australian mining cities and towns



Regional mining communities are the engine rooms of Australia's economy

	Value					
RDC	Gross Regional Product	Minerals & Petroleum Sales	Overnight Visitors	GRP per capita	Employed Persons	Current Employment Opportunities
Gascoyne	\$1.5bn	\$0.1bn	337,400	\$159,185	4,623	71
Goldfields-Esperance	\$18.0bn	\$11.6bn	680,500	\$326,554	31,412	518
Great Southern	\$4.1bn	\$0.0bn	747,600	\$67,398	25,042	95
Kimberley	\$3.0bn	\$0.4bn	412,700	\$83,301	15,084	142
Mid-West	\$8.2bn	\$3.9bn	720,300	\$152,828	25,132	71
Peel	\$9.2bn	\$1.4bn	678,600	\$65,766	37,641	98
Pilbara	\$46.6bn	\$117.3bn	936,800	\$755,414	63,850	1026
South West	\$14.2bn	\$3.6bn	2,581,400	\$79,594	71,633	311
Wheatbelt	\$7.1bn	\$0.9bn	747,600	\$96,168	29,594	133

However, sustainability of these communities is being deprioritised

As a nation, we can no longer celebrate commodity cycle revenue windfalls but ignore the individual costs and risk that are inherent in these cycles.

Previous policy actions of governments and mining companies investing in housing have not solved the counter-cyclical rent and housing affordability crises faced by the communities that are working hard to deliver valuable export revenue streams.

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House prices in mining towns are surging again after the end of the boom sparked a huge crash

By Andrew Mayes
Posted Thu 22 Aug 2018 at 4:06pm



House prices in Karratha in WA's Pilbara are up 16 per cent in 2018 after spending years in decline. (Stock Ready: Dal Cosins)

Share



Property Residential

Pilbara's mining towns need jobs and stability

Billions of dollars have been poured into the Pilbara by governments and industry with one aim: to create towns capable of sustaining the more than 100,000 people it is hoped will live in the region by 2035.

Tess Ingram

Updated Jan 17, 2015 - 5:29am,
first published at 2:53am



For all the state-of-the-art leisure centres, glistening pools, renovated schools and impressive new roads there is just one giant catch to keeping towns like Karratha and Port Hedland sustainable. Jobs.

Billions of dollars have been poured into the Pilbara by governments and industry with one aim: to create towns capable of sustaining the more than 120,000 people it is hoped will live in the region by 2035.

Now the infrastructure is largely in place. But the masses of resources industry workers are leaving. Mines are moving from the construction into production, which means fewer hands needed on deck.

Mining town real estate is rebounding, according to new figures which show both house prices and rental yields are rising in resource rich areas at a faster rate than city housing markets.

In Western Australia's East Pilbara, home to the iron mining towns of Newman and Marble Bar, house prices have risen almost 30 per cent in a year and rental yields sit at a healthy 14 per cent on average.

It is a similar story on the other side of the country, where house prices in Queensland's Central Highlands region — which encompasses the coal mining towns of the Bowen Basin — have jumped more than 30 per cent in the same period.

The price hikes come off a low base and after years of plummeting prices that followed the end of the mining boom.

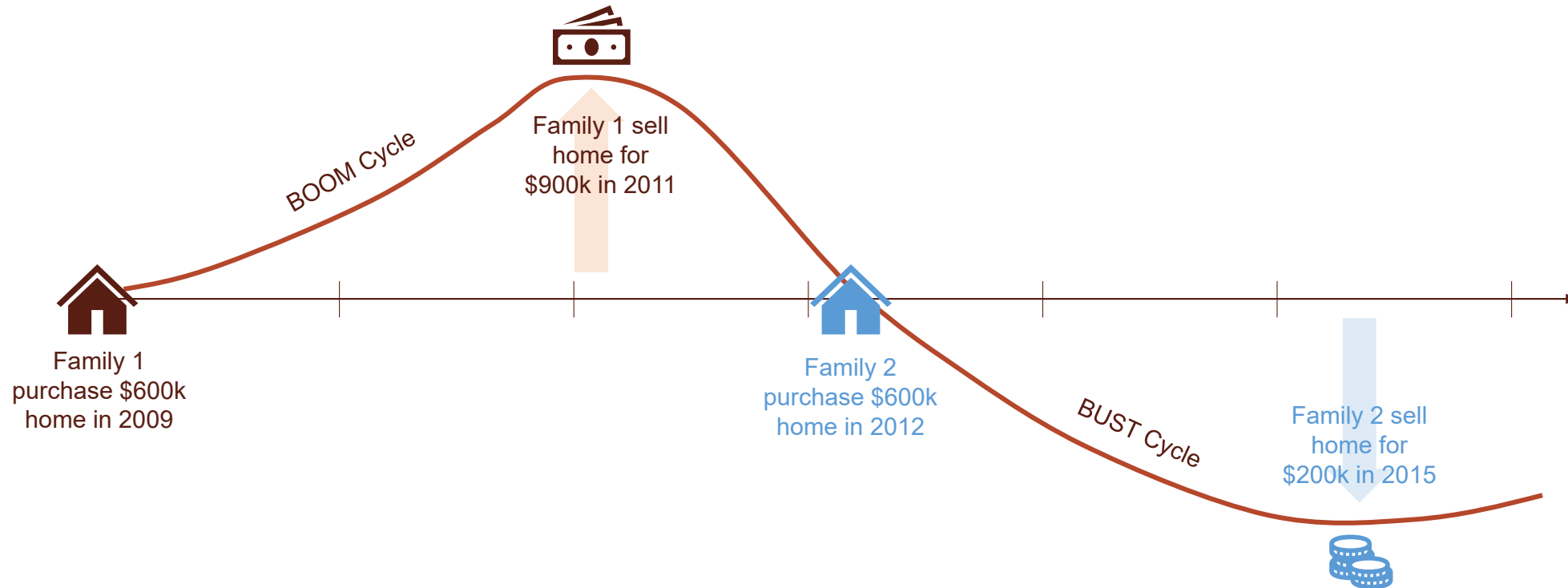
In July 2012, the median price of houses in WA's East Pilbara was \$880,000, but by July this year that figure had plummeted to \$700,000, a massive 805 per cent slump.

Some WA mining towns have seen huge growth in property values in 2019



Source: CoreLogic - Get the data - Embed

Currently, investing in property in these cities and towns is seen as a gamble, one that risks financial ruin



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In the face of continued instability in response to the pandemic and pressure on big business to focus on ESG initiatives, it has never been more critical to deliver a solution to stabilise regional workforces

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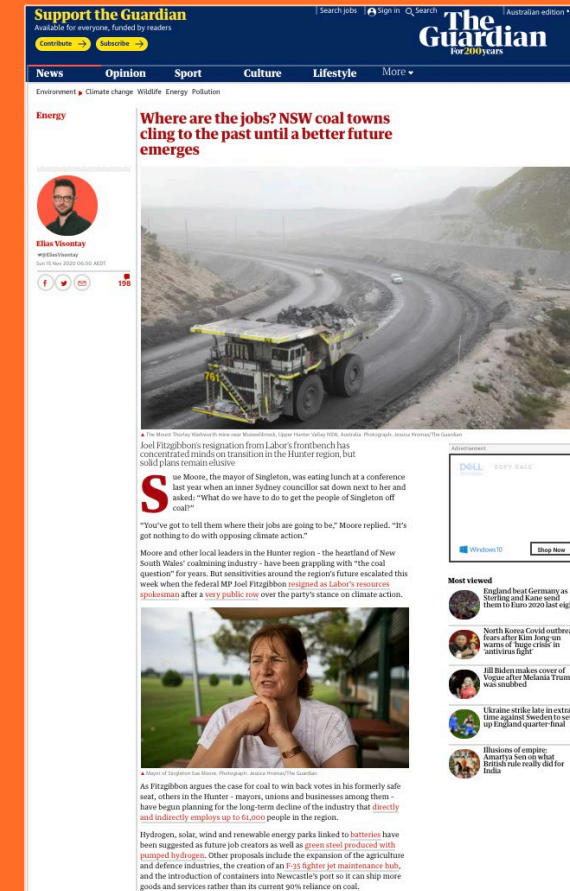


As coal mining communities look to the future, they deserve a long overdue sustainability roadmap.

We cannot depend on coal for decades and then turn our backs on these towns' hardworking residents.

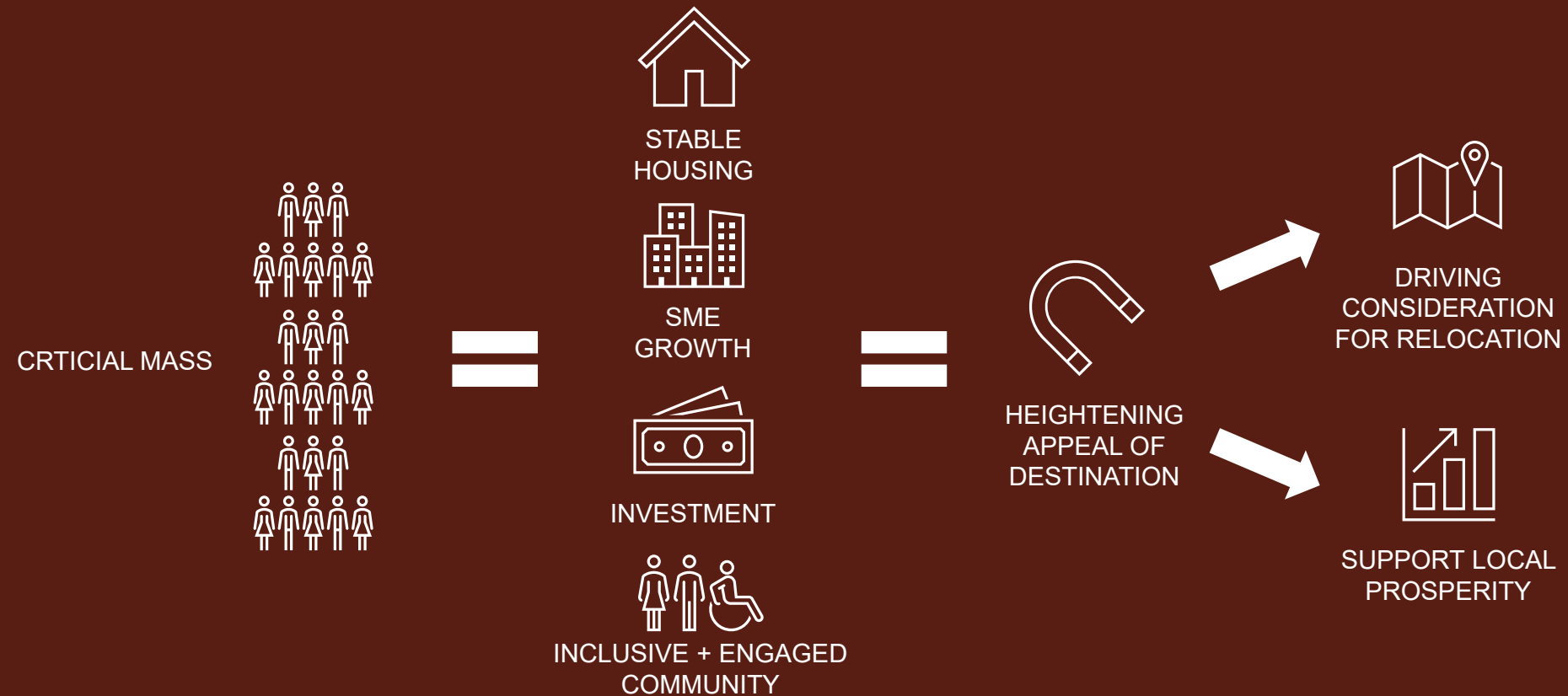
The 'More Than Mining' solution is crucial for the transformation of coal communities.

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What critical mass means for regional communities



Regardless of our cities' and towns' economic profiles, we are all striving for the same outcome:

Sustainable, stable and inclusive regional communities, home to skilled and diverse residential workforces who continue to fortify our Nation's economic prosperity.

The answer:

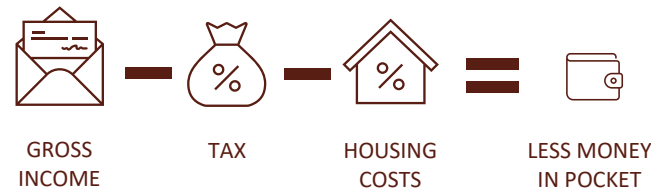
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Proposed reform – equalising benefits for both companies and individuals

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Current policy scenario

	Current Policy	Proposed policy	Proposed policy upside
Household Average Income*	\$140,000	\$140,000	\$140,000
FBT exemption	50%	100%	100%
Increase to employee after tax income vs 0% FBT exemption	\$6,000	\$41,400	\$41,400
Port Hedland no. of households*	7,666	7,666	8,500
% uptake of salary packaging	35%	35%	45%
Additional funds for private use or injected into community	\$16.1m	\$111.1m (+ 590%)	\$158.4m (+ 884%)

* Data from 2016 Census

This proposed reform would deliver a number of key benefits to regional mining communities:

Housing Affordability

Stabilising property prices by incentivising regional relocation, slowing population churn and attracting new investment

Local Prosperity

Injecting more money back into communities by easing the burden on existing households' living costs

Portability of Labour

Incentive for skilled labour to move between Australian resource hubs that need specialist skills

Progress to date

- | | |
|--|--------------------|
| • Key messaging | completed |
| • Campaign identity | completed |
| • Calculator | completed |
| • Formalisation of steering group participants | nearing completion |
| • 2 phased communications plan | in progress |
| • Videography | in progress |
| • Website | in progress |
| • Research | in progress |
| • Data aggregation | in progress |
| • DNA Conference preparations | in progress |

Call to action

A united front of mining cities and towns supporting the launch of the project at DNA Conference in Darwin – August 2021

AMCA members pledging funding to support the project and expand it by allowing a paid media campaign to launch during DNA Conference, August 2021

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