



Police Federation  
of Australia

The National Voice of Policing

ABN 31 384 184 778

Level 1, 21 Murray Crescent  
GRIFFITH ACT 2603

16 October 2019

Remote Area Tax Concessions and Payments  
Productivity Commission  
GPO Box 1428  
CANBERRA ACT 2601

Dear Commissioners

## **DRAFT REPORT – REMOTE AREA TAX CONCESSIONS AND PAYMENTS INQUIRY**

The Police Federation of Australia (PFA) represents the professional and industrial interests of Australia's 63,000 police officers across every state and territory and the Australian Federal Police. We have been engaged in discussions with successive federal governments regarding the impact of FBT and like related matters on Australia's police since the late 1990's.

The PFA notes the submissions to this Inquiry provided by its affiliate police associations/unions which are strongly focussed on matters specifically relevant to their policing jurisdiction. The PFA supports those submissions and seeks to make the following overarching points.

We note that the Draft Report by the Commission has raised issues using words such as 'tax neutrality', 'foregone tax revenue' and 'overly generous' arrangements for those beneficiaries of the current remote area FBT regime. We question whether those particular proposed outcomes were implicit in the Terms of Reference provided by the Treasurer to the Commission. The PFA believes a broader approach should be taken and we are more focussed on whether the current FBT

remote area concessions are delivering on their policy objectives for employers and employees, in particular police, who work and operate in remote areas.

You would no doubt be aware that many thousands of Australia's police officers live and work in the myriad of locations that are affected by this Inquiry.

We note that the Commission suggests that many Australians "choose" to live in remote locations. Whilst that may be true for many, you would no doubt also be aware, that numerous police officers are posted into locations as a result of a compulsory transfer, for operational reasons, because the posting could not be filled voluntarily. There are instances identified in affiliate association/union submissions, where many jobs in such locations, are advertised on numerous occasions in an effort to find an applicant. Where no one ultimately applies, or a particular skill set is required, a compulsory transfer takes place.

Police, like the defence force, are a disciplined service and as such are in the unique situation, where they are subject to compulsory relocations. As a result, this uniqueness has been recognised by successive federal governments who have bestowed upon police and defence force personnel, a range of various exemptions not generally available to other employees.

The Commission would also be aware, that by virtue of their 'oath of office' police are on duty 24/7 and members living in regional and remote locations in particular, are often called upon after hours to attend to incidents nearby their residences. In fact, many members of the local community, also know where those officers live, and it is not uncommon for them to be visited after hours by colleague police officers and community members seeking some form of assistance. It is therefore not unreasonable to argue that many such residences are not exclusively used as private residences but are an extension of the members workplace.

Due to the often, low quality and lack of housing stock in many of these locations, the respective police force has no other choice but to directly provide accommodation to officers and their families. In the vast majority of these cases it is unrealistic to expect police officers themselves to buy or seek rental accommodation, as in most instances, their posting is not long term. For these reasons, we argue that the provision of such housing is not an employee benefit in lieu of salary, but a necessity to ensure appropriate numbers of officers are posted to and available at these locations for community safety reasons.

In many of those locations, the residence supplied to police officers by their employer, is attached to or adjacent to the local police station. These police stations/residences are also generally 'holding yards' for police exhibits such as damaged motor vehicles from accidents. In many instances these vehicles have been subject to fatal accidents and are clearly visible from the residence/station where other family members, including children, are expected to undertake recreational activities. These residence's yards are also often used for the storage of stray livestock.

As the vast majority of these residences/stations are in what would be considered isolated areas, they are continually subject to persons travelling through an area

calling at the residence/station to report minor incidents. As professional police officers, they do not refuse to take such reports and are constantly finding that their families recreational time is being interrupted. These residences/stations are also often used as the control/coordination point should major incidents such as bushfires and other serious events occur.

As they are often some distance from neighbouring police stations, when something happens in the town, they are the first point of contact for the community, as opposed to contacting the often times larger neighbouring police station, even though the local officer might not be on duty at the time.

Another point worth noting, is the impact of such postings on an officers training, development and career advancement. In contrast to working in major centres, police attached to many regional and remote locations, have far less opportunities for professional development and advancement. These are issues that need to be taken into account if any changes to FBT are introduced as they will be another inhibitor to police taking up such postings, which would then require far more forced relocations of officers into 'hard to fill' locations. It is also important to note, that such postings also generally have an impact on the employment opportunities of the officer's partner, as other employment options in remote locations are very limited.

The Commission's proposed changes to reduce the FBT concession for employer provided accommodation from 100 per cent to 50 per cent and change the area's applicable to FBT concessions, could force some police forces to consider ceasing to provide housing for police officers, putting the onus back onto police themselves to fund their own accommodation in such locations. Noting all of the issues identified above, difficulties attracting police to work in such locations, will jeopardise public safety.

We note that the Commission acknowledges, in respect to local governments and not for profit providers, "The potential loss of capacity to deliver services that could result from these changes to FBT concessions needs to be duly considered". (*page 34 Overview Report*). The PFA respectfully suggests that law and order and public safety in affected communities could also be severely compromised by such proposed changes.

Any attempt by Government, simply to gain additional taxation revenue, could come at both a political and human cost.

In submissions by PFA affiliate associations and unions, it has also been highlighted, that in most instances the provision of such housing is governed by an enterprise agreement, or the like, subject to negotiation between the respective police association/union and their police force/government, or as a result of an arbitrated outcome before some form of industrial tribunal. Individual officers do not negotiate these issues, they are negotiated force wide.

Our greatest concern, as earlier pointed out, could see a change to FBT concessions, encouraging police departments and governments to endeavour to

wind back such negotiated outcomes, recognising that this might take several years and over a number of enterprise negotiations.

Whilst the Draft Report touches on the issue of Reportable Fringe Benefits Tax (RFBT), the PFA points out, that successive governments have recognised the unique nature of policing, by historically granting exemptions to police from Reportable Fringe Benefits Tax (RFBT) on issues such as housing, use of police vehicles, transfer costs etc. The PFA's concern is that the Commission's proposal in their Draft Report, could re-open many of these issues and thus have the unintended consequence of a major financial impact on individual police officers.

The PFA offers the following position on the key recommendations of the Draft Report, as they affect Police –

#### Zone and Overseas Forces Tax Offsets –

**The PFA does not support the abolishment of either the ZTO and the OFTO.**

The offsets were originally implemented to assist with the higher cost of living, amenities and other environmental factors associated with remote living.

The Report indicates that the ZTO has been ignored to the point of being irrelevant in attracting workers to regional, remote and very remote locations.

We believe that there is ample evidence before the Commission about the higher cost of living in identified ZTO areas and the government should be considering how to reinvigorate the ZTO to reflect their current day values.

#### FBT on current housing arrangements –

**The PFA does not support the recommendation to revert the exemption for employer provided housing to a partial 50 per cent and likewise we do not support the recommendation to remove the current 50 per cent concession on employee sourced housing.**

Details and examples provided in submissions by affiliate police associations and unions together with the arguments projected in the PFA's submission, underpin why we are so opposed to the recommendation.

#### Residential fuel -

**The PFA does not support the tightening of the partial concession on residential fuel.**

As has been pointed out in the earlier section of this submission, houses provided to police officers are not always exclusively used as private residences but are an extension of the members workplace. Due to local community knowledge, of where the officers reside, officers are often called upon after hours even though their residence might not be the one attached to the local police station.

Remote area boundaries –

**The PFA does not support changes to the current remote boundaries.**

Holiday travel –

**The PFA does not support the removal of partial concessions on holiday transport.**

The PFA specifically notes the comments in the Northern Territory Police Association submission (page 8) in respect to concessions for holiday travel and strongly supports their comments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Weber', with a horizontal line extending to the right.

Scott Weber  
Chief Executive Officer