

SUBMISSION 17

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Committee Secretary
Standing Committee on Economics
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Submission - *Tax Laws Amendment (2012 Measures No. 6) Bill 2012*

Independent Schools Victoria welcomes the opportunity to make a submission to the House of Representatives Standing Committee on Economics with respect to the *Tax Laws Amendment (2012 Measures No. 6) Bill 2012*.

Background

Independent Schools Victoria was established in 1949 and today represents, promotes the interests of, and provides services to more than 210 Member Schools. Our Member Schools, not-for-profit entities serving diverse communities, educate more than 129,000 students on nearly 300 campuses across metropolitan Melbourne and in regional and rural Victoria.

This submission is shaped by the educational, social and philosophical diversity of the Independent sector. Our membership reflects a variety of religious faiths and ethos with schools affiliated to Anglican, Assemblies of God, Baptist, Brethren, Catholic, Christian, Coptic Orthodox, Greek Orthodox, Jewish, Lutheran, Islamic, Pentecostal, Presbyterian, Seventh day Adventist and Uniting churches. There are inter-, multi- and non-denominational schools, as well as schools for students with learning difficulties and individual needs, and schools adhering to the Montessori and Steiner education philosophies.

This submission should be read in conjunction and in support of the submission from the Independent Schools Council of Australia (ISCA).

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Submission

1. The submission is primarily focussed on the proposed changes to the *Fringe Benefits Tax Assessment Act 1986* to remove the concessional fringe benefits tax treatment for in-house fringe benefits accessed by way of salary packaging arrangements as announced with the release of the Australian Government's Mid-Year Economic and Fiscal Outlook.
2. In the current uncertain climate of school funding, Independent Schools Victoria notes that possible changes to existing fringe benefits tax (FBT) arrangements may have the potential for unintended and on-going consequences which could detrimentally impact on staff employment and thus schools' operations. This is heightened by the on-going review of tax concessions provided to not-for-profit entities.
3. All Australian schools, government and non-government, carry on the business of providing education and provide both an individual personal benefit to their students, as well as a public benefit to society as a whole.
4. As not-for-profit entities, Independent schools are presently able to offer staff in-house fringe benefits.
5. Schools may provide a fee discount to their staff who choose to have their children enrolled at the school. In addition to the fee discount, certain schools allow the school fees to be paid by staff through a salary sacrifice arrangement (SSA). Providing staff with school fee discounts constitutes an in-house fringe benefit.
6. Concessional FBT treatment is expected to continue to apply to discounts that are not accessed through SSAs and in-house benefits paid for from after tax income.
7. FBT concessions are helpful in recruiting and retaining staff in not-for-profit entities which often employ low and middle income earners. This is particularly the case for schools, especially with respect to attracting and retaining staff in hard to staff schools which are often located in remote and/or socially disadvantaged communities.
8. Non-government schools could face greater financial pressure if FBT concessions are removed or reduced for school fee discounts for teachers. Schools would have to make up the difference or risk losing teachers and the fees for their student children.

Chief Executive

cc: The Treasurer, the Hon. Wayne Swan MP (ministerial@treasury.gov.au)
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