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GOVERNMENT RESPONSE

TO THE RECOMMENDATIONS OF THE DEFENCE SUB-COMMITTEE ON THE JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

*REPORT ON THE VISIT TO DEFENCE
ESTABLISHMENTS IN NORTHERN AUSTRALIA
26-29 JULY 1999*

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THE DEFENCE SUB-COMMITTEE OF THE JOINT STANDING
COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE:
REPORT ON THE VISIT TO DEFENCE ESTABLISHMENTS IN
NORTHERN AUSTRALIA 26-29 JULY 1999**

Recommendation 1: The Sub-Committee recommends that the Government conduct a review of the financial allowances paid to caretaker staff at the bare bases Scherger, Learmonth and Curtin

Response: Many of the issues raised by personnel at RAAF Base Scherger involved matters already compensated for by the provision of District Allowance (the allowance that applies to all remote localities) and personal expenses unrelated to a posting.

However, the remaining issues were addressed in a departmental review, which concluded in November 1999, since the date of the Sub-Committee's visit. The outcome of the review was a payment, in addition to District Allowance, to all bare base caretakers of \$1250 pa. An additional payment is also made to Scherger caretakers of \$3750 pa, in recognition of the difficulties arising from regular use of the unsealed road between the base and Weipa township. Bare base allowance is payable fortnightly with District Allowance.

In accordance with the *ADF Enterprise Productivity Arrangement: 1999-2002*, the amounts of bare base allowance were increased on 8 June 2000 to \$1290 and \$3870 respectively, making a current payment of bare base allowance for Scherger caretakers of \$5160 pa.

Recommendation 2: The Sub-Committee recommends that the proposed changes to the Fringe Benefits Tax reporting requirements should be further reviewed to ensure that Australian Defence Force personnel are not disadvantaged by the unique circumstances and conditions under which they serve

Response: Since the date of the Sub-Committee's visit, but prior to its report, the Government did conduct such a review, and provided an extensive range of exclusions from fringe benefits reporting for members of the ADF beyond the exclusion of housing assistance already noted by the Sub-Committee.

The legislation to report fringe benefits on Group Certificates was introduced to improve the fairness of the social security system. It is intended to ensure that the full value of remuneration is captured in respect to taxpayers' responsibilities for the various surcharges and child support payments, and to assess eligibility for access to social security benefits. The FBT is not paid by ADF members, but by Defence, as has been the case since 1986.

The many exclusions from FBT reporting requirements, additional to the total exclusion of housing assistance, are excellent results for ADF personnel and their families. They are the widest exclusions provided for any sector of the Australian community, reflecting the Government's recognition of the nature of military service.

Action continues within the Defence Organisation to address minor anomalies in the fringe benefits reporting requirements, as they become known.