



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT

**Submission to Treasury on the Proposed changes to
'Uncapped' Meal Entertainment and Entertainment Facility
Leasing Expense Benefits ('Exempt Benefits')**

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August 2015

About ACFID

The Australian Council for International Development (ACFID) unites Australia's non-government aid and international development organisations to strengthen their collective impact against poverty. Our vision is of a world where gross inequality within societies and between nations is reversed and extreme poverty is eradicated.

Founded in 1965, ACFID currently has 135 members and 13 affiliates operating in more than 100 developing countries. The total revenue raised by ACFID's membership from all sources amounts to \$1.3 billion (2012/13), \$719 million of which is raised from over 1.9 million Australians (2012/13). ACFID's members range between large Australian multi-sectoral organisations that are linked to international federations of NGOs, to agencies with specialised thematic expertise, and smaller community based groups, with a mix of secular and faith based organisations.

On behalf of ACFID members, ACFID would like to submit the following issues to Treasury on its proposed changes to FBT Meal and Entertainment Arrangements.

Issue with FBT Changes

ACFID members as with other not-for-profit agencies, already struggles to compete financially against private and government sector organisations to attract talented employees, particularly in senior leadership, middle management and some specialist technical areas. Even though the current entertainment benefits have helped ease some of the variance between what our members can afford to pay versus what the government and private sectors pay, our employees on the whole are financially worse off than their government and private sector peers and the workload of our people is no different.

Whilst there are limited positions where comparable not-for-profit and private sector salary information is available, when comparing roles using the Median salaries of the March 2015 Mercer salary survey for organisations \$40m - \$100m and the *May 2015 Aon Hewitt Australian Non-Government Organisations (NGOs) remuneration report* (of which a number of ACFID members participate) the variance between private sector and NGOs is visible with respect to senior leadership roles and senior specialist technical roles.

Although the current reportable \$31,177 grossed-up FBT concession aligns most of the comparable senior specialist technical roles in the surveys, they are only a small representative group and there is still a large variance for senior leadership roles. We, like other not-for-profit agencies, do not have the discretionary income to provide financial reward/benefits to recognise and/or retain our staff with our member's focus instead being to spend donor funds responsibly ensuring as much as possible reach our end beneficiaries. The FBT concessions are one of the only mechanisms we can use to reward our people. Further, given the international nature of our organisations, we need to compete with private sector international organisations in order to attract the calibre required to enable our global organisational efficiencies.

Even with the above in mind, we do not expect FBT concessions to fully align not-for-profit salaries with the private sector. ACFID is supportive of implementing a cap to meal entertainment and entertainment facility leasing expenses (“entertainment benefits”). However, the current proposal to implement a grossed-up \$5,000 limit will result in approximately \$2,550 per annum of real value to our employees. This equates to \$49 per week which is inadequate for our member’s employees in providing any real benefit or salary supplementation for families on lower to mid-stream incomes. It would not even cover the cost for a family dinner.

Recommendations

ACFID makes the following recommendations:

1. The cap be increased to \$30,000 grossed-up which will equate to approximately \$15,300 per annum (\$294 per week) of real value to our employees. This increased concession will enable us to be competitive particularly when attracting general staff, technical specialists, middle management and Senior Executives into our organisations as well as retaining our key talent.
2. Entertainment benefits continue to be non-reportable fringe benefits so our employees are not further disadvantaged. Reportable fringe benefits are used in a number of income tests for some government benefits and obligations. Many of our low and middle income employees would be adversely affected if this is changed

Please do not hesitate to contact me in regards to this matter on 02 6281 9213. I have provided a list of our members in Annex A below.

Mark Carpenter
Business Manager

Annex A – ACFID Members

Total number of ACFID Members: 146

Full Members: 133

Affiliate Members: 13

FULL MEMBERS:

1. ACC International Relief
2. Act for Peace - NCCA
3. ActionAid Australia
4. ADRA Australia
5. Afghan Australian Development Organisation
6. Anglican Aid
7. Anglican Board of Mission - Australia Limited
8. Anglican Overseas Aid
9. Anglican Relief and Development Fund Australia
10. Asia Pacific Journalism Centre
11. Asian Aid Organisation
12. Assisi Aid Projects
13. Australasian Society for HIV Medicine
14. Australia for UNHCR
15. Australia Hope International Inc.
16. Australian Business Volunteers
17. Australian Cranio-Maxillo Facial Foundation
18. Australian Doctors for Africa
19. Australian Doctors International
20. Australian Federation of AIDS Organisations
21. Australian Foundation for the Peoples of Asia and the Pacific
22. Australian Himalayan Foundation
23. Australian Injecting and Illicit Drug Users League
24. Australian Lutheran World Service
25. Australian Marist Solidarity Ltd
26. Australian Medical Aid Foundation
27. Australian Mercy
28. Australian Red Cross
29. Australian Respiratory Council
30. Australian Volunteers International
31. Beyond the Orphanage
32. Birthing Kit Foundation (Australia)
33. Brien Holden Vision Institute Foundation
34. Bright Futures Child Aid and Development Fund (Australia)
35. Burnet Institute
36. Business for Millennium Development
37. CARE Australia
38. Caritas Australia
39. CBM Australia
40. ChildFund Australia
41. CLAN (Caring and Living as Neighbours)
42. Credit Union Foundation Australia
43. Daughters of Our Lady of the Sacred Heart Overseas Aid Fund
44. Diaspora Action Australia
45. Diplomacy Training Program
46. Door of Hope Australia Inc.
47. Edmund Rice Foundation (Australia)
48. EDO NSW
49. Engineers without Borders
50. Every Home Global Concern
51. Family Planning New South Wales
52. Fairtrade Australia New Zealand*
53. Food Water Shelter
54. Foresight (Overseas Aid and Prevention of Blindness)
55. Fred Hollows Foundation, The
56. Global Development Group
57. Global Mission Partners
58. Good Shepherd Services
59. Grameen Foundation Australia
60. Habitat for Humanity Australia
61. Hagar Australia
62. HealthServe Australia
63. Hope Global
64. Hunger Project Australia, The
65. International Children's Care (Australia)
66. International Christian Aid and Relief Enterprises
67. International Detention Coalition
68. International Needs Australia
69. International Nepal Fellowship (Aust) Ltd
70. International RiverFoundation
71. International Women's Development Agency
72. Interplast Australia & New Zealand
73. Islamic Relief Australia
74. KTF (Kokoda Track Foundation)
75. Kyeema Foundation
76. Lasallian Foundation
77. Leprosy Mission Australia, The
78. Live & Learn Environmental Education
79. Mahboba's Promise Australia
80. Marie Stopes International Australia
81. Marist Mission Centre*

82. Marsh Foundation
83. Mary MacKillop International
84. Mary Ward International Australia*
85. Mercy Works Ltd.
86. Mission World Aid Inc.
87. Motivation Australia
88. MSC Mission Office
89. Nusa Tenggara Association Inc.
90. Oaktree Foundation
91. One Thousand Villages
92. Opportunity International Australia
93. Oro Community Development Project Inc.
94. Oxfam Australia
95. Palmera Projects
96. Partners in Aid
97. Partners Relief and Development Australia
98. People with Disability Australia
99. PLAN International Australia
100. Project Vietnam
101. Quaker Service Australia
102. RedR Australia
103. Reledev Australia
104. RESULTS International (Australia)
105. Royal Australian and New Zealand College of Ophthalmologists
106. Royal Australasian College of Surgeons
107. Royal Institute for Deaf and Blind Children
108. Salesian Missions
109. Salvation Army (NSW Property Trust)
110. Save the Children Australia
111. Service Fellowship International Inc.
112. Scarlet Alliance: Australian Sex Workers Association
113. School for Life Foundation*
114. SeeBeyondBorders
115. Sight For All
116. SIMaid
117. So They Can
118. Sport Matters
119. Surf Aid International
120. Tamils Rehabilitation Organisation Australia*
121. TEAR Australia
122. Transform Aid International (incorporating Baptist World Aid)
123. Transparency International Australia
124. UNICEF Australia

125. Union Aid Abroad-APHEDA
126. UnitingWorld
127. University of Cape Town Australian Trust
128. Volunteers in Community Engagement (VOICE)
129. WaterAid Australia
130. Women for Women in Africa
131. World Education Australia
132. World Vision Australia
133. WWF-Australia

AFFILIATE MEMBERS:

134. Australian National University – School of Archaeology and Anthropology, College of Arts and Social Sciences
135. Deakin University – Alfred Deakin Research Institute
136. La Trobe University – Institute of Human Security and Social Change
137. Murdoch University – School of Management and Governance
138. Refugee Council of Australia
139. RMIT – Global Cities Research Institute
140. University of Melbourne – School of Social and Political Sciences
141. University of Queensland – Institute for Social Science Research**
142. University of Sydney – Office of Global Engagement**
143. University of the Sunshine Coast – International Projects Group
144. University of Technology, Sydney – Institute for Sustainable Futures
145. Vision 2020
146. University of Western Australia – School of Social Sciences**

* Denotes Interim Full Member

** Denotes Interim Affiliate Member