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20 August 2015

General Manager
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The Treasury
Langton Crescent
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Email: taxlawdesign@treasury.gov.au

Dear Sir/Madam

RE: Exposure draft legislation on the 2015-16 Budget measure that limits the FBT concessions on salary packaged entertainment benefits

I write in relation to the exposure draft legislation released for consultation on the 2015-16 Budget measure that limits the fringe benefits tax concessions on salary packaged meal and entertainment benefits.

The AMA expressed significant concern at the potential impact of this policy prior to its formal announcement, because of its impact on recruitment and retention in the public hospital sector, and our position remains unchanged.

The proposed amendments to the legislation will have an impact on the work of public hospitals and their doctors.

The proposed legislative amendments occurred without due consultation with charitable and not for profit organisations. This means the changes may lead to unintended consequences. For example, many charities rely on tax concessions (including meals and entertainment) to attract staff. Levelling the 'playing field' for these organisations is irrelevant as competition from the for-profit private sector is unlikely. What is more likely is that staff will leave the not for profit sector which may lead to the limitation of services to the disadvantaged.

Many charitable institutions support people outside of acute hospitals. This ensures care in the most supportive (and least costly) manner. Institutions like the Salvation Army or St Vincent de Paul provide outreach services to the homeless. This means that primary care is provided to people who would otherwise wait in overcrowded emergency departments. Drug and alcohol counselling agencies, such as Odyssey House and Turning Point, provide help to those who would become high users of acute hospital services. If these charities are unable to supply the staff to support current services due to changes to tax treatment, it will push these clients back into the more expensive acute services. This will not only increase the cost of care to the community, it may also hinder the ability of our doctors to treat patients in an appropriate setting.

Many specialists working in public hospitals do so for significantly less pay than they would otherwise receive in private practice. Access to meals/entertainment concessions mean that doctors who work long shifts at odd hours are able to access meals tax free. A limit of \$2550 per annum provides \$10 per working day for a meal, but this will not meet the cost of even a basic meal during work hours.

The Australian Government is already reviewing the tax system. We would ask that you do not support the legislative changes proposed, but rather refer the proposals to the review.

In the alternative and as a minimum, the Government should agree to direct funding to public hospitals where people are most affected by the change.

AMA Victoria's position is that the current tax concessions available to the public hospital sector should not be changed, as they are operating efficiently and effectively, and encouraging the recruitment of high quality professionals to our public hospital system.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Bartone', written in a cursive style.

Dr Bartone
PRESIDENT