



CATHOLIC HEALTH

Australia

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**Submission in response to exposure draft legislation the Tax and Superannuation
Laws Amendment (2015 Measures No. 4) Bill 2015: Limiting FBT concessions on
salary packaged entertainment**

Catholic Health Australia represents the largest owner grouping of health and aged care services in Australia. The Catholic sector embraces 66 hospitals, eight dedicated hospices with palliative care services and over 550 aged care services. These aged care services comprise 23,000 residential aged care beds, over 8,500 community packages and around 6,000 retirement and independent living units for seniors and low income residents.

This submission is written from the perspective of Catholic aged care providers.

Salary sacrifice arrangements, including meal entertainment and facility leasing, have been a feature of the not-for-profit aged care sector prior to the introduction of the FBT and are important elements in the sector's workforce attraction and retention strategies. Faced with the need to attract and retain the large skilled workforce that will be required to meet the care needs of the increasing number of older frail Australians, it is important that such arrangements are retained so that the sector can compete with the higher salaries offered in other sectors, especially in the public and private health sectors.

These arrangements also play an important role in enabling the provision of aged care services in locations where these services might not otherwise exist, unless provided by government. This is particularly the case in certain regional and remote areas where recent research by the Aged Care Financing Authority has identified

factors such as the smaller size of facilities and low property values as being constraints on the financial performance and viability of services in these locations. The capacity of not-for-profit providers to cross subsidize these services from their services in metropolitan and larger regional centres areas and to use FBT arrangements to offer more competitive salary packages are important to the sustainability of services in these areas.

We also note that the salary packaging cap has been gradually eroded over the years with the change in tax free thresholds. Whereas salary packaging provided benefit for staff at \$15,000 around 10 years ago, the benefit now only applies at around \$22,000. This removes the attractiveness of this benefit for many lower paid workers and particular for those who are employed part time.

In the circumstances, CHA recommends that the exposure draft legislation be amended to increase the salary packaged meals/entertainment benefits cap from \$5,000 to \$10,000 per annum and, along with the salary packaging FBT cap, be indexed annually by CPI. Alternatively, the salary packaging FBT cap could be increased by \$10,000 and indexed by CPI.

Please contact Richard Gray at richardg@cha.org.au should you require any clarification of matters raised in this submission.

Yours sincerely,



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Catholic Health Australia