



24th July 2015

General Manager
Law Design Practice
The Treasury
Langton Crescent
PARKES ACT 2600

Re: Submission to the Limiting fringe benefits tax concessions on salary packaged entertainment benefits

St John Ambulance Australia (St John) welcomes the opportunity to enter a submission regarding the proposal to limit salary packaged entertainment benefits.

Background

Internationally, St John is one the world's oldest health charities.

For over 130 years St John Ambulance Australia has given Australians the power to save lives with first aid. Recognised as the most reliable provider of first aid training, kits and event health services, St John is respected for its community support and event and emergency response. For the second year in a row, St John has been ranked as the third most reputable charity in AMR's Charity Reputation Index.

As well as providing a critical first aid response at events and during emergencies, St John empowers the community by increasing resilience through first aid learning. In 2014, St John issued 669,630 training certificates (being 2.85% of the Australian population trained in life-saving first aid), contributed over 3.3 million hours of ambulatory services, over 1.2 million hours volunteer service to the community and freely trained 260,000 students under our free First Aid Schools Program.

Additionally, St John also serves the community by providing a youth development program, various community care programs, a public access defibrillation program and ophthalmic programs. In some states/territories, St John volunteers also operate in rural and remote areas where emergency ambulatory services can be hours away, providing an emergency response that these communities would otherwise go without for extended periods of time.

Recommendation re the amount of the proposed cap

St John supports the proposed capping of the Meal Entertainment and Entertainment Facility Leasing Expense Benefits however we believe that the grossed up cap of \$5,000 is not sufficient. We recommend that a more acceptable amount would be \$20,000

The original intention of these meal entertainment concessions was to show support and offer assistance for charities particularly Public Benevolent Institution. As a PBI, St John is currently able to use the FBT exemptions including the meal entertainment and entertainment facility leasing expense benefit to attract staff. Although many people would like to work for a charity, organisations such as St John experience difficulty in competing with private enterprise and government where wages are (generally) higher.

St John entities employ over 2700 people across Australia. The FBT concessions allow St John to offer a higher salary package than it would normally be able to afford, which assists attracting suitably qualified staff. The meal entertainment and entertainment facility leasing expense benefit is a great incentive as it is attractive to employees whilst not imposing any additional costs on St John. St John is therefore able to use more of its funds for its valuable charitable community work.

Currently many St John employees either have a limit of \$20,000 or currently salary sacrificing around \$20,000. To reduce administrative costs St John outsource the management of this benefit to an outside agency which have a small charge on their service. If the benefit is grossed up to \$5,000 it would equate to less than \$50 a fortnight and would not be cost effective for most employees.

If employees are unable to benefit from this exemption, St John would only be left with two options; the first to increase salaries to match other sectors, which would lead to a consequential reduction in both staff and charitable work

accordingly, or the second, not increase salaries and risk the loss of good staff with industry knowledge to the private and government sectors.

Conclusion

St John suggests that there should be a \$20,000 cap for the salary packaged entertainment benefit. I am happy to discuss any aspect of this submission.

Yours sincerely,

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

Peter LeCornu
Chief Executive Officer
St John Ambulance Australia