

7 August 2015

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

Dear General Manager

**Proposed changes to FBT concession on salary packaging for entertainment benefits**

The Fred Hollows Foundation (The Foundation) was established in 1992 out of the work and passion of the late Professor Fred Hollows (1929 – 1993) who was an eye surgeon, social health activist and iconic Australian. The Foundation is a not-for-profit, secular non-government development agency with a vision of a world where no-one is needlessly blind and Indigenous Australian's exercise their right to good health.

In 2014, The Foundation's income was \$64,848,511. The Foundation has 290 employees and 140 volunteers working in 6 offices in Australia, an office in London and Hong Kong and across 15 countries in Asia and Africa. It conducts and supports programs in 27 countries including in remote Indigenous Australia. Its head offices are in Sydney and Melbourne and it is a member of the Australian Council for International Development (ACFID).

The Foundation, not unlike other not-for-profit agencies, already struggles to compete financially against private and government sector organisations to attract talented employees, particularly in senior leadership and some senior specialist technical areas. Even though the current entertainment benefits have helped ease some of the variance between what we 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. Please see Appendix A.

Although the current reportable \$31,177 grossed-up FBT concession align 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 focus instead being to spend donor funds responsibly ensuring as much as possible reach our end beneficiaries. The FBT concessions is one of the only things we can use to reward our people. Further, given the international nature of our organisation, we need to compete with private sector international organisations in order to attract the caliber required to enable our global organisational efficiencies.

All this said, we do not expect FBT concessions to fully align not-for-profit salaries with the private sector. The Foundation 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 employees to take their families out to dinner let alone on holiday. We ask that this 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 technical specialists and Senior Executives into our organisations as well as retaining our key talent.

Further, reportable fringe benefits are used in a number of income tests for some government benefits and obligations. We ask that entertainment benefits continue to be non-reportable fringe benefits so our employees are not further disadvantaged.

I trust this letter provides you with the information that you require. If not, please don't hesitate to contact me on +61 2 8741 1903.

Yours faithfully,

Jennifer Bell  
**Associate Director of People & Organisational Development**

Appendix A

SPECIALIST AREA	AON 2015 Position	AON 2015 Position Description	Mercer 2015 Job code	Mercer Job title (\$40-\$100mio orgs)	Mercer 50th %	Mercer 75th %	Median Compa	75th% compa	Net salary* AON 50th percentile	Net salary* Mercer 50th percentile	NET DIFFERENCE	Grossed-up FBT** required to be comparable
Operations	Aon.EXE.GM020.7	Chief Operating Officer	100.010.120	Head of Operations - Tier 1	\$ 182,857	\$ 208,683	63%	53%	\$ 123,264	\$ 178,788	\$ 55,524	\$ 108,871.46
Public Affairs	Aon.EXE.S6000.7	General Manager - Advocacy and Communications	410.010.120	Head of Marketing - Tier 1	\$ 140,000	\$ 169,696	58%	50%	\$ 97,416	\$ 152,232	\$ 54,816	\$ 107,483.21
Public Affairs	Aon.MKT.20090.5	Digital Marketing Manager	410.456.222	E-commerce Marketing Manager	\$ 78,107	#N/A	65%	#N/A	\$ 59,544	\$ 85,212	\$ 25,668	\$ 50,329.81
Technology	Aon.EXE.IT010.7	Head Of Information Technology	310.010.120	Head of Information Technology - Tier 1	\$ 179,388	\$ 185,400	79%	60%	\$ 121,464	\$ 146,184	\$ 24,720	\$ 48,470.98
Technology	Aon.ITC.45024.5	IT Manager	330.418.220	Information Systems Operations Manager	\$ 103,521	\$ 124,038	80%	88%	\$ 75,180	\$ 91,308	\$ 16,128	\$ 31,623.78
Human Resources	Aon.EXE.HR010.7	Head Of Human Resources	120.010.120	Head of Human Resources - Tier 1	\$ 153,400	\$ 179,989	62%	58%	\$ 105,612	\$ 156,000	\$ 50,388	\$ 98,800.79
Human Resources	Aon.HRS.50306.4	Senior Human Resources Consultant - Recruitment	120.220.340	Recruiting Professional - Senior	\$ 75,617	\$ 85,905	76%	78%	\$ 57,936	\$ 73,008	\$ 15,072	\$ 29,553.18
Human Resources	Aon.HRS.50006.4	Senior Human Resources Consultant - Generalist	120.100.340	Human Resources Generalist - Senior	\$ 81,787	\$ 92,874	80%	81%	\$ 61,932	\$ 74,016	\$ 12,084	\$ 23,694.31
Finance	Aon.EXE.FI010.7	Head Of Finance	210.010.120	Head of Finance & Accounting - Tier 1	\$ 165,286	\$ 195,982	62%	53%	\$ 112,824	\$ 165,396	\$ 52,572	\$ 103,083.18
Finance	Aon.FIN.30012.4	Senior Accountant	210.356.340	Management Accountant - Senior	\$ 96,000	\$ 107,629	79%	76%	\$ 70,572	\$ 85,800	\$ 15,228	\$ 29,859.06
Finance	Aon.FIN.30012.5	Chief Accountant	210.100.220	Finance Manager	\$ 116,187	\$ 132,660	88%	88%	\$ 82,508	\$ 92,796	\$ 9,888	\$ 19,388.39
Project/Program Management	Aon.OPR.90143.5	Programme Coordinator	220.104.350	Project Manager - Experienced	\$ 66,593	\$ 73,150	81%	71%	\$ 52,032	\$ 62,436	\$ 10,404	\$ 20,400.16
Executive Assistance	Aon.ADM.40007.3	Personal Assistant to Senior Executive(s)	220.108.330	Secretary to the Head of Organization - Specialist	\$ 65,584	\$ 70,994	77%	72%	\$ 51,384	\$ 64,056	\$ 12,672	\$ 24,847.26
Executive Assistance	Aon.ADM.40007.3	Personal Assistant to Senior Executive(s)	220.108.410	Executive Secretary - Senior	\$ 65,584	\$ 70,994	86%	84%	\$ 51,384	\$ 58,200	\$ 6,816	\$ 13,364.81

\* Net salary was calculated using the ATO Tax Withheld Calculator based on monthly salary, no exemptions and no loans

\*\* Grossed up FBT was calculated using the current 1.9608 Gross-up rate for Health Charities