

# Remote area tax concessions and payments – Submission to the Productivity Commission

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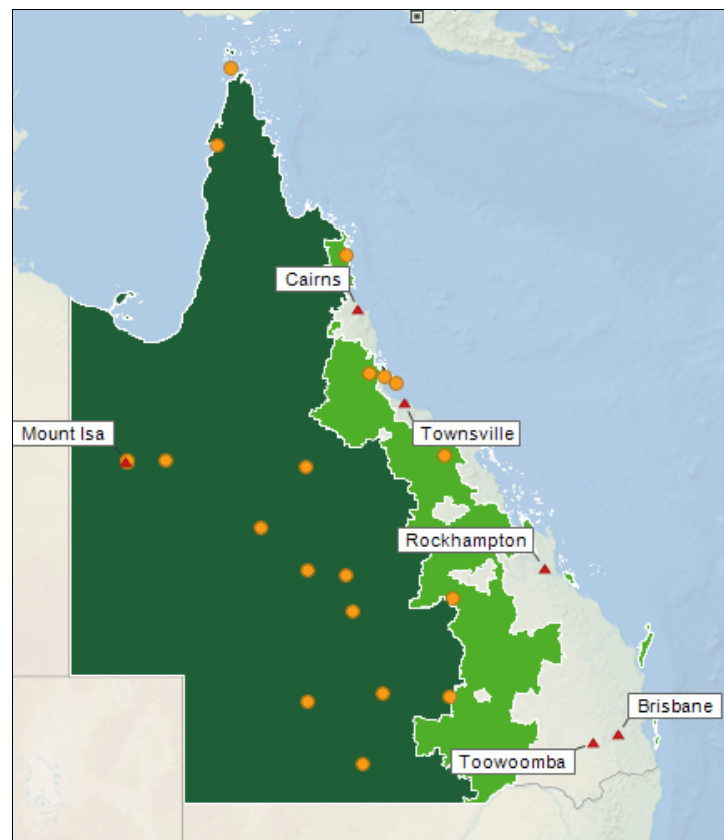
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## Introduction

The Queensland Catholic Education Commission (QCEC) provides this submission in response to the Productivity Commission's draft report on remote area tax concessions and payments.

QCEC is the peak strategic body with state-wide responsibilities for Catholic schooling in Queensland. This submission is provided on behalf of the five Diocesan Catholic school authorities and 17 Religious Institutes and other incorporated bodies which, between them, operate a total of 306 Catholic schools that educate nearly 150,000 students in Queensland.

## Catholic schools in remote areas of Queensland



More than half of Queensland's population lives outside the greater metropolitan area of Brisbane—a large proportion compared with the rest of highly urbanised Australia. This is reflected in the number of Catholic schools in remote and very remote locations Queensland as illustrated on the map above.

In total, there are 13 Catholic schools in remote in Queensland (light green area) and 11 Catholic schools in very remote regions (dark green area). They employ close to 260 teaching staff and educate just over 2,700 students. Twenty-seven percent of those students identify as Aboriginal and Torres Strait Islander. These statistics indicate that Catholic schools are an important part of the fabric of society in these remote areas of Queensland.

This submission focuses on the impact the proposed changes to the Fringe Benefits Tax (FBT) regime will have on a school's ability to attract and retain teaching staff and the impact this can have on student learning.

### **Fringe Benefits Tax remote area concessions**

Under Australia's FBT regime, employers may claim tax concessions for some goods, services, or financial assistance provided to employees working in designated remote areas.

These remote area tax concessions may apply to:

- housing provided by an employer as an employee's usual place of residence
- financial assistance with housing sourced by an employee
- residential fuel, for use in properties where the remote area housing concessions are used
- meals for primary production employees
- holiday transport for employees
- transport to and from a work site for fly-in fly-out (FIFO) workers.

There are two types of concessions: exemptions (where the good or service is not subject to FBT), and partial concessions (where the taxable value of the good or service is reduced, often by 50 per cent).

The Productivity Commission recommends several changes to the concessions rates and eligibility rules. In particular, for employer-provided housing the Commission is recommending that the current exemption be reverted to a 50 per cent concession, as it was prior to 2000. The Commission claims that these changes would help to limit use of the concessions where there is not an operational requirement, without penalising employers where there is.

The Productivity Commission further recommends the removal of the 50 per cent concession on employee-sourced housing.

QCEC argues that these changes will have a significant impact on the ability of Catholic school employers to attract and retain teachers and other school staff in regional and remote areas.

### **Teacher attraction and retention**

The Independent Review into Rural, Regional and Remote Education noted that research identifies quality of teachers as one of the main 'in school' impacts on student learning. Having highly competent teachers in rural, regional and remote schools is critical to raising the achievements of students in these schools and their transitions to further study, training and employment.<sup>1</sup>

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<sup>1</sup> Independent Review into Regional, Rural and Remote Education (2017), [Discussion Paper](#) (p.24).

The review concludes that attracting and retaining the best teachers for regional, rural and remote schools continues to be one of the most persistent challenges on the education agenda.<sup>2</sup>

While teaching in rural and remote communities is highly rewarding, the living and working environment in these areas can be vastly different from those encountered in major regional centres and metropolitan areas. This can make it more difficult to recruit and retain teachers and other staff.

In response to the difficulties of recruiting and retaining suitably qualified teaching staff in remote areas, schools offer teachers subsidised employer provided and employee-sourced accommodation. As such, QCEC would assert that these subsidies are not concessions but in fact necessary business costs.

The removal of FBT concessions will apply additional financial burden on remote schools or school authorities with schools in remote areas, if they continue to offer these housing incentives, and make it even more difficult to attract teachers to remote teaching positions.

Additionally, the removal of the 50% concession for employee sourced housing, will impact the ability of the Catholic Education sector to provide employment conditions for teachers that are competitive with the State Education sector, noting that the Queensland Government offers teachers in state regional and remote schools financial benefits, subsidised teacher accommodation and transfer and appointment assistance.<sup>3</sup>

Catholic Education provides assistance for accommodation in remote areas in the form of employer provided accommodation and more often employee-sourced accommodation. Retaining FBT concessions for the latter while removing concessions for the former will create an imbalance in this space and put further pressure on the Catholic education system.

While the number of employees in remote schools varies across Catholic School Authorities, the financial impact will be significant for all. One school authority has advised that across its network of schools it has 6 employees (primarily principals) where a full exemption from the FBT would revert to a 50 per cent concession under the Productivity Commission proposals. In addition, 41 employees currently receive benefits through the 50 per cent concessional benefits. If the Productivity Commission's recommendations are implemented, the school authority would be paying an additional FBT of around \$90,000. Schools in these areas are unable to charge higher fees to cover these costs. Furthermore, it is expected that employees would also be impacted as the benefits would need to be reported through STP.

QCEC appreciates the opportunity to provide feedback on the Commission's draft report, in particular on the important issue of FBT concessions on housing in remote areas. Please contact Beatrix Brice, Principal Policy Adviser, if you have any questions about this submission.

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<sup>2</sup> Independent Review into Regional, Rural and Remote Education (2018), [Final Report](#) (p.38).

<sup>3</sup> <https://teach.qld.gov.au/teach-in-queensland-state-schools/pay-benefits-and-incentives/rural-and-remote-benefits> (accessed 8 Oct 2019)