

SUBMISSION

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Manager
Individuals Tax Unit
Personal and Retirement Income Division
The Treasury
Langton Crescent
PARKES ACT 2600

selfeducationtaxreform@treasury.gov.au

REFORM TO DEDUCTIONS FOR EDUCATION EXPENSES

Thank you for the opportunity to make a submission to the Treasury's May 2013 Discussion Paper on the issue of deductions for education expenses.

Having read the Discussion Paper, we will respond as appropriate to the 10 Consultation Questions set out in the paper, and follow that with a summary statement of AHRI's position on the reform.

Responses to Consultation Questions

1. In your industry or field, are there studies or courses that are compulsory and must be completed in order to meet licence requirements or other continuing professional development training?
 - a) What is the average amount of the expense?
 - b) What is the highest amount of the expense?
 - c) What is the nature of these courses?

As the peak-body that represents HR practitioners, AHRI offers professional development opportunities for members and non-members that range in the spectrum from around \$3000 (AHRI's annual convention) to around \$150 (one-off workshops, forums and seminars).

While the annual convention is a discretionary expenditure decision, many practitioners attend regularly as a way of maintaining currency with contemporary thinking and sharing ideas with peers. Presenters include experts from overseas universities and leading companies, and exposure to that level of thinking matters in a field in which very often an organisation only has one HR practitioner in-house, and in order to remain competitive organisations need their HR and people management policies and practices to be contemporary.

Other professional development and education opportunities that AHRI offers to practitioners involve less expensive workshops and seminars on areas of employment compliance (e.g. changes to workplace relations laws, health and safety legislation, employment discrimination) or involves enrolling in employment areas that are discretionary (e.g. gender equity, disability employment, mature age employment). The cost of such training varies but can be anything from \$150 to \$1500 depending on whether it's a half day, a full day, or continuous study over a number of weeks.

The compliance training is deemed necessary to ensure the organisation that employs the person being trained is up to speed with its employment obligations under the law. The discretionary education is needed to ensure organisations are aware of matters in the national interest that are priorities such as those under the banners of workforce participation and social inclusion.

While the study in part contributes to the essential prerequisite skills and knowledge required to work in the HR it is not may not be mandatory in the sense that it contributes to a license as such. AHRI like other professional institutes requires its members to complete 90 hours of continuous professional development (CPD) activities over three years. CPD ensures that our members continue to grow their skills and knowledge as part of maintaining their professional contribution and standing. Different activities amount to different numbers of points towards meeting those CPD requirements

While HR practitioners undertake education and training with the institute, AHRI also accredits education courses conducted in the tertiary education sector that lead to qualifications in HR. Many practitioners undertake those courses while they are working.

2. [Is training undertaken in your industry predominantly held in Australia or overseas? Can you provide examples?](#)

Most of the training that our members undertake would be held within Australia, although some training is held in overseas institutions or at the headquarters of global subsidiaries that employ AHRI members.

Training that AHRI conducts for HR professionals is always conducted within Australia. Examples include our human resources diploma and foundation courses, our leadership conferences and our annual National Convention.

3. [In employment relationships, are employees largely obliged to incur work-related education expenses themselves or are they employer provided? Do you anticipate this changing in response to this measure?](#)

The answer to this question varies a great deal, depending on the policies of employers. We do not have data on that question.

4. [Are you aware of examples where education expense deductions can be claimed under the current arrangements, even where significant private benefits are enjoyed?](#)

We know of many examples where self-education expenses or part thereof can be claimed where the education aligns with the employee's job requirements and the objectives of the enterprise. With respect to education courses, employers often require an employee to have satisfactorily completed the course before making payment by way of reimbursement.

5. [Are there any lessons for Australia in the experiences of other countries with restrictions on education expenses deductions?](#)

We can't think of any positive lessons that can be learned from countries that impose arbitrary restrictions on education expense deductions.

6. [Should the \\$250 no-claim threshold under section 82A of the ITAA 1936 be removed when the \\$2,000 cap is introduced?](#)

If a \$2K cap is to be imposed, the \$250 no-claim threshold should be removed so that employees are not penalised twice, despite the argument advanced in paragraph 9 of the Discussion Paper with respect to non-claimable expenses.

7. [How should this be prioritised?](#)

If the \$2K cap is to be imposed in July 2014, the removal of the no-claim threshold should be implemented at the same time.

8. [What types of assets that relate to an education activity are placed into a low-value pool or similar small business pool?](#)

Assets would include, computers, scanners, fax-machines and office equipment and furniture.

9. [What are the advantages/disadvantages of the 'reasonable estimation' method proposed above?](#)

An advantage is that claimants are not required to itemise and identify the cost and depreciation of individual assets as indicated in paragraph 16 of the Discussion Paper. A disadvantage is that items using the 'reasonable estimation' method are to be capped.

10. [Is the use of low-value pools under these circumstances appropriate?](#)

Yes, the use of low-value pools are appropriate but not if they are capped.

AHRI's General Response to the Reform

The Australian Human Resources Institute takes the view that that Australians in a great many professional and occupational groups will see a decision to introduce a \$2000 cap on self-education expenses as a disincentive and forgo opportunities to undertake continuing education and training.

If the Government is serious in its stated belief that Australia is a high-skill, high-wage economy, and that we should compete on that basis with the rest of the world, this cost-cutting budget decision on training and education is bewildering.

AHRI takes the view that the decision is not consistent with Australia's professed aspiration to compete globally as a creative and innovative nation rather than a low-wage, low-skill nation.

Aside from the contribution that training and educating the workforce makes to Australia's global competitiveness, there are sound reasons why many professions and occupations require their members to regularly upgrade the currency of their knowledge and skills.

In a fast changing world, the public is entitled to rely on professional and occupational groups to ensure their members remain current and competent, and not just rely on maintaining the lowest possible skill base.

AHRI takes the view that adopting that path is to risk a weakening of public confidence in the nations professions and occupations.

AHRI calls on the Government to reconsider the decision before it's due to become effective from July 2014, with a view to reversing it.

If your office wishes to contact AHRI further, please do so in the first instance through the National Manager, Government and Media Relations, Paul Begley, on 03 9918 9232 or 0402 897 884 or email paul.begley@ahri.com.au



Peter Wilson AM
Chairman



Lyn Goodear
Chief Executive Officer