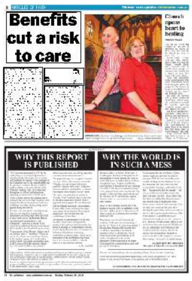
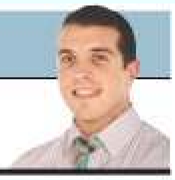


Adelaide Advertiser
Monday 15/2/2010
Page: 16
Section: General News
Region: Adelaide Circulation: 186,669
Type: News Item
Size: 172.33 sq.cms.
Published: MTWTFS-

Benefits cut a risk to care



BEN HYDE

NOT-FOR-PROFIT organisations have warned against a Productivity Commission proposal to change tax policies for the sector.

The report proposes abolishing fringe benefit tax concessions to the $43 billion sector to improve transparency.

Organisations said removing the concessions could lead to cuts to vital services.

Catholic Health Australia chief executive Martin Laverty said removing fringe benefit tax exemptions for employees of not-for-profit entities, including hospitals and aged-care providers, would force nurses, carers and other workers to take an involuntary pay cut of up to $50 a week.

"The alternative would be for Catholic hospitals to make up the difference at a cost of $72 million per annum," he said. "It would be impossible to wear this cost without cutting back on services – many of which provide health care to Australia's most disadvantaged people. It may increase the cost of private health insurance. It would almost certainly cause some not-for-profit hospitals to shut."

Uniting Care Wesley advocacy and communications manager Mark Henley said not-for-profit organisations relied on the tax concessions to keep staff where salaries generally were lower than in the private sector.

The report proposes an increase in government funding to offset the cut in concessions. "We would be quite happy if the Government could guarantee we would get funding increases to offset the tax benefits," Mr Henley said. "We don't think any government could guarantee that."

He said it was harder politically for a government to increase spending than it was for it to forgo some tax revenue. "The current system is not 100 per cent transparent but it works pretty well," he said.

The report found 4.6 million volunteers work with not-for-profit organisations, with a wage equivalent of $15 billion.