

## Media Release

Friday August 30, 2013

### Charities hit by Rudd Government's FBT Changes

A large number of Australia's leading charity and not-for-profit groups are facing massive cost increases as a result of the Rudd Government's changes to the Fringe Benefits Tax on motor vehicles.

As reported, the Salvation Army is facing a \$4 million cost increase as a result of these changes to FBT. This represents an amount equivalent to almost half the money raised by the annual Red Shield Appeal door knockers.

Dr Bruce Redman, a spokesperson for the Salvation Army's southern region, said if the Rudd Government's changes to FBT go ahead the Salvation Army will spend a significant amount of money on FBT which will mean less money being available for their frontline services.

"The FBT increase wouldn't come specifically from the Red Shield Appeal door knock campaign, but the money would have to come from somewhere," Dr Redman said.

The Salvation Army is the latest in the ground swell of organisations and industry groups to criticise the Rudd Government decision as the community comes to terms with what the changes will mean to the not-for-profit sector, business, employment and the family budget.

Southern Cross Care (Victoria), one of Victoria's largest not-for-profit providers of aged care services, including residential care, community services, dementia support, respite care and disability services, is another organisation critical of the changes.

Southern Cross Care Victoria has 118 cars in its fleet with 75% supplied to staff who are paid between \$60,000 and \$80,000. Jan Horsnell, CEO of Southern Cross Care Victoria is very concerned about the additional costs this change will have on the organisation.

"Our estimation is that the additional cost to our organisation will be in the vicinity of \$500,000 to \$700,000 a year, a significant cost increase that we will need to fund."

"While the cars are supplied predominately as a 'tool of trade', staff are allowed private usage which is a significant element of our recruitment and retention strategy."

President of the Australian Salary Packaging Industry Association (ASPIA) Mr Leigh Penberthy said support of the organisations "Who's Next?" national awareness campaign on the impact of the FBT changes continued to grow with the charity and not-for-profit sector being one of the hardest hit by the changes.

"The impact on the motor vehicle and related industries was immediate and devastating and now we are seeing the knock-on effect on the broader community," Mr Penberthy said.

Aged & Community Services Australia, the national peak body representing not-for-profit and faith based providers of residential and community care, and housing and support for people with a disability and their carers has also condemned the decision.

Professor John Kelly the CEO of Aged & Community Services Australia has literally added his voice to the “Who’s Next?” campaign through a public awareness phone broadcast to households about the impact the changes to FBT will have on the not-for-profit sector and, in particular, the effect on community services.

In a letter to the Federal Treasurer on July 30, Professor Kelly said the costs for one not-for-profit provider would increase by \$600,000 and \$700,000.

“When our costs increase, community services suffer,” Professor Kelly said.

Some 700,000 older Australians depend on care and support provided by Aged & Community Services Australia members in metropolitan, regional, rural and remote regions across the country.

“I’m concerned the Labor Government’s changes to the Fringe Benefits Tax on cars will hurt community services such as home care, disability and the homeless,” Professor Kelly said.

The charity and not-for-profit sector turns over around \$100 billion and involves five million volunteers. The sector uses the FBT arrangements on cars to reduce costs, and recruit and retain staff.

“Eighty thousand of our paid staff, many in rural and regional areas of Australia, will be directly impacted,” added Professor Kelly.

The public awareness phone broadcast voiced by Professor Kelly commenced last night.

For more information please visit: [www.whosnext.com.au](http://www.whosnext.com.au)

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