



Office of the Chief Financial
Officer

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Dear Sir / Madam,

Attraction and retention of teachers and leaders in remote areas remains a significant challenge for this department, despite the current incentive arrangements in place including the provision of subsidised housing in remote areas. The proposed changes are considered to add risk and complexity to our ability to attract teachers and leaders to these areas, as a result of having to advise individuals of the potential to incur reportable fringe benefits during the recruitment and deployment process and recommending that they seek independent advice.

In February 2019 the Prime Minister announced the very remote teacher HELP debt remission and waiver of indexation measures aimed at assisting in the attraction and retention of teachers to remote areas. These changes remain subject to the passage of legislation, however if passed the Australian Government will:

- remit all or part of an individual's Higher Education Loan Program (HELP) debt from their accumulated HELP debt after they have been engaged as a teacher for four years in a school in a very remote location in Australia (using the 2016 ASGS Remoteness Structure). Commencement for the four year placement requirement in a very remote area is on or after the start of the 2019 school year; and
- waive indexation on an individual's outstanding HELP debt while they are teaching in a very remote area, from 14 February 2019. Once they are no longer teaching in a very remote area, indexation on any remaining HELP debt will apply.

These proposed changes are aimed at increasing the attraction of teachers to remote areas recognising the ongoing challenges. The impact of the draft report seems contrary to measures that seek to encourage employment in hard to staff areas.

In addition, the "Independent Review into Regional, Rural and Remote Education" (Dr John Halsey, January 2018) commissioned by the former Federal Minister for Education and Training, the Hon Simon Birmingham recognised the challenges in attracting and retaining high quality teachers and leaders in regional, rural and remote schools. This report included specific actions to address these challenges, such as targeted salary and conditions packages, improvements in the quality of accommodation, cost of living allowances, access to essential human services and partner employment.

Overall our view is that the proposed changes to the remote area tax concessions will detract from the already difficult task of attracting and retaining teachers and particularly leaders in remote areas.

Based on last year's FBT information for remote housing, the department had a significant number of employees that qualified for 100% exemption of remote housing fringe benefits under the existing FBT rules. As a result of the proposed change in the draft review, it is the department's understanding that it will now likely be subject to a 50% fringe benefit exclusion only for this type of housing benefit.

Under the proposed change, it is forecast that the department will incur a material cost pressure, which may impact individuals personally as they will incur a reportable fringe benefit amount where the benefits exceed \$2000 (and they have no other benefits).

The department 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.

Chris Bernardi
Chief Financial Officer
Department for Education

2/12/19