

23 April 2012

Tim Watling

Committee Secretary
Senate Education, Employment and Workplace Relations Committees
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Watling,

Re: Response to question on notice

On 28 March 2012, Consult Australia gave evidence at the Brisbane hearing for the Standing Committee on Education, Employment and Workplace Relations inquiry into the shortage of engineering and related employment skills.

During the hearing, the Committee Chair highlighted recommendation 13 of the Consult Australia submission to the inquiry. The recommendation is to introduce an education and training tax concession for employers that spend more than two per cent of payroll per year on training at a rate of 125 cents for every dollar spent on training.

The Chair asked for more detail on how such a program could be audited and how expenditure on training could be demonstrated to the tax office. This question was taken on notice and this letter provides the Consult Australia response to that question.

In order to claim the concession the eligibility criteria must be broad reaching but simple for businesses to administer. It could also be capped to manage potential financial risk to the federal Government.

The tax concession should allow for employers and employees to choose training that is most appropriate to their needs. Meaningful training could range from courses to learn about the latest computer aided design programs, through to post graduate degrees in sustainability.

The following are examples of employer-funded training that could be eligible for the proposed tax concession:

- Accredited training at all levels of the Australian Qualifications Framework.
- Training provided by Registered Training Organisations.
- Other training that contributes to the Continuing Professional Development requirements of Engineers Australia.
- In-house training provided as part of a structured staff development program.
- Graduate development programs.
- Hosting and supervision of undergraduate engineers during the compulsory work placement phase of their degrees.

The cost of training can be demonstrated and audited in several ways:

- Submission of invoices from training providers.
- Submission of evidence of the cost of in-house training.
- Use of a standard figure for the cost of training a graduate engineer, such as an agreed percentage of the graduate's wage.
- Use of an agreed standard figure for the cost of hosting an undergraduate engineering student, such as an agreed amount per week per student.

Consult Australia understands that clear guidelines will be needed to ensure that training achieves value for money outcomes, and that common ancillary costs such as travel are kept to reasonable levels. Consult Australia would welcome an opportunity to work with the Government to develop guidelines and further explore the training and auditing options presented in this letter.

If you would like to discuss this further, please do not hesitate to contact Jonathan Russell, Senior Policy Advisor for the skills portfolio, on [redacted] or at [redacted]

Yours sincerely,

Megan Motto
Chief Executive