

6 June 2003

The Secretary
Economics Legislation Committee
Department of the Senate
Suite SG.64
Parliament House
CANBERRA ACT 2600

Dear Sir,

Reference: Taxation Laws Amendment Bill (No.4) 2003

The Master Plumbers' & Mechanical Services Association of Australia (MPMSAA) supports the earliest enactment and implementation of the Taxation Laws Amendment Bill (No.4) 2003; with specific exemptions from Fringe Benefits Tax for payments by employers to central industry funds established to protect worker entitlements for:-

- redundancy,
- sick leave,
- income protection, and
- trauma

The redundancy benefits paid from a fund, such as The Redundancy Payments Central Fund Ltd (Incolink) are already taxable in the hands of the employee either as ETPs or as salary and wages. Therefore the passage of the amendments has become essential to avoid double taxation as a result of recent interpretations of the current legislation by the Australian Taxation Office.

The MPMSAA also seeks the exemption from Fringe Benefits Tax to recognise that the surplus investment income may be utilised for, employment support services including industry based skills training.

Also without the amendments hundreds of small businesses will be incurring FBT liabilities for contributions made for their employees as from 1 April 2003.

The MPMSAA understands that recommendations made by the Incolink organisation in their submission of 14 May 2003, if adopted in the legislation amendments, will enable the establishment of compliant collective funds and remove the threat of substantial FBT imposts on Small Business in the building construction industry.

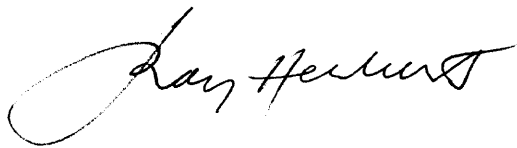
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It is generally not recognised that the majority of employment in the building construction industry is with small businesses operating in very competitive and transitory workplaces. The notion of the Central Industry Funds enables the preservation of employee entitlements as may be agreed or required in various legally sanctioned industrial instruments such as awards or certified agreements.

The additional employment related support service obligations undertaken by a fund such as Incolink also remove obligations that otherwise might fall on the taxpayer.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ray W Herbert". The signature is fluid and cursive, with a large initial "R" and "H".

Ray W Herbert, FIE Aust CP Eng
EXECUTIVE DIRECTOR