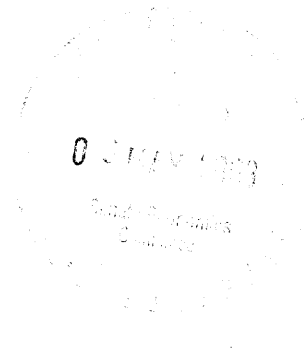




30 April 2003

Dr Kathleen Dermody
Secretary
Senate Economics Legislation Committee
Room SG.64
Parliament House
CANBERRA ACT 2600



Dear Dr Dermody

Taxation Laws Amendment Bill (No. 4) 2003

Thank you for your letter of 28 March 2003 inviting submissions on section 7 of the above bill which proposes fringe benefits tax exemption for certain payments to worker entitlement funds. As requested I have forwarded your invitation to construction industry portable long service leave authorities in other states and the ACT.

The Board of CoINVEST Limited, as trustee for the construction industry portable long service leave fund in Victoria, supports the bill in as far as it relates to the exemption from FBT of payments by employers to industry long service leave funds established under State, Territory or Commonwealth legislation.

The Board wishes me to point out that *The Construction Industry Long Service Leave Act 1997* in Victoria requires employers in the construction industry to pay into a central fund to provide paid portable long service leave for all workers in the industry as a substitute for their normal long service leave obligations to their own workforce. The imposition of FBT on these compulsory payments would be onerous for employers.

The Board also wishes to point out that payments from the fund to workers are taxed as income and the imposition of FBT on payments to the fund would therefore amount to a double taxation.

Finally, payments to and income from the fund are made only for long service leave purposes including the normal administrative costs of the scheme.

If you have any queries about this submission, please contact me on 03 9664 7602.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Hartley", is written over a horizontal line.

John Hartley
Chief Executive Officer

LONG SERVICE LEAVE

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CoINVEST Limited (A.B.N. 35 078 004 985) as Trustee for the Construction Industry Long Service Leave Fund.

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