Reform to deductions for education expenses: Submission from the Australian College of Mental Health Nurses

The Australian College of Mental Health Nurses (ACMHN) is the professional organisation representing nurses who work in mental health in Australia. A primary objective of the ACMHN is to enhance the mental health of the community through the pursuit of efforts to improve service and care delivery to those affected by mental illness and disorder. The ACMHN sets standards for mental health nurses in Australia and has published Standards of Practice for Australian Mental Health Nurses:2010. These standards of practice specify the minimum level of performance required for a registered nurse practising in any mental health setting. The Credential for Practice Program is an initiative of the Australian College of Mental Health Nurses and has established the only national consistent recognition for specialist mental health nurses.

Access to education – improving productivity

The ACMHN is very concerned about the impact of the proposed cap on deductions for education expenses on the nursing workforce and consequential productivity impacts. Health Workforce Australia has predicted a shortfall of 109,000 nurses to meet Australia’s health care needs by 2025. Improving the productivity of the nursing workforce, maximising service efficiency through the utilisation of nursing skills, will be necessary to address this shortfall. Nurses will need ongoing education to achieve productivity gains, for example:

- Nurses will be required to undertake new and expanded roles - this will require further education including obtaining post graduate qualifications
- Technology will be used to increase efficient deployment of nursing skills - this will require nurses to be trained in the use of technology
- Leaders and innovators will be needed to develop new service models, to support the implementation of new technology, to translate research into (more effective and efficient) practice - this will require access to education and professional development activities for nursing leaders.

Safe and quality health care

Access to ongoing education is important to providing safe and quality health care to all Australians. The nursing profession, along with other health professions, is regulated to
provide protection to the Australian public. The Nursing and Midwifery Board of Australia ensures nurses are suitably trained and qualified to practise in a competent and ethical manner. They require nurses to participate in at least 20 hours of continuing professional development (CPD) each year. CPD is the means by which nurses maintain, improve and broaden their knowledge, expertise and competence, and develop the personal and professional qualities required throughout their professional lives. Nurses access to educational activities including workshops, conferences, short courses and additional qualifications is required to support the provision of safe and high quality health care to the Australian public.

Many nurses who hold advanced practice roles or specialise in an area of practice undertake additional education activities beyond the minimum requirement of the NMBA. The ACMHN Credential for Practice Program requires nurses to undertake at least 60 hours of continuing professional development activities annually. Undertaking education in more specialist areas is also more likely to be expensive, available only in limited locations and the cost is more likely to be met by the individual rather than the employer.

**Cost of education for nurses**

The cost to individual nurses of undertaking education can easily exceed $2000 per year. While the Government’s discussion paper does not provide the median cost of self education tax deductions by profession, some media articles claim that health professions average claims are greater than $2000 (Australian Financial Review, 15 April 2013, *Tax cuts to hit MBA students*). The ACMHN believes that even if the majority of the nursing profession are not currently likely to exceed the cap, it will have a significant impact on access to education by the very nurses who should be encouraged and supported to undertake additional education such as future leaders, those specialising in an area of practice, advance practice nurses, and nursing researchers and educators.

The ACMHN recognises that the proposed arrangements would still allow for employers to pay for the education expenses of their employees. The majority of nurses are employed in the public sector. In the current economic climate, state government’s health budgets are under increasing pressure which places pressure on hospitals and health services to find ways to decrease their costs. Despite the link to productivity, education and training budgets are frequently reduced as they are viewed as discretionary spending. Private sector and non-government employers are also likely to restrict access to education and training when their budgets are tight. For this reason, the ACMHN believes the Government should not rely on employers to meet the education needs of their employees as a substitute for allowing self education to be tax deductible by employees.

The ACMHN is concerned that the proposed changes favour education paid for by an employer over education paid for by the employee. The inconsistent treatment is
demonstrated in Example 1 of the Discussion Paper where the self employed dental surgeon is not able to access a tax deduction for an overseas clinical conference, while in Example 5, an accountancy firm is able to access a tax deduction for the education of an employee. The rationale for the inconsistency has not been explained in the discussion paper. The Government appears to accept that it is appropriate to allow favourable tax treatment for education paid for by employers but that it is not acceptable to support individuals to make this investment in themselves. Irrespective of who pays for the education, there is a private benefit to both the individual and the employer, yet there is also a benefit to the economy through the increased productivity of the employee. At an economy wide level, which party makes this investment should not be a relevant matter, and the tax system should encourage this investment in education because of the impact on productivity.

Impact of the cap on capacity building of the profession as a whole

Professional organisations such as the ACMHN deliver conferences, workshops and other professional activities to nurses. These activities do not just benefit the individuals who attend them, but also their clients and patients, the colleagues they work with, the services they work within. Conferences in particular are often used by organisations delivering Government funded programs, by researchers, by policy makers, regulators and service designers to disseminate ideas, innovations and best practice to front line service providers. The capacity of every profession (as a whole) to contribute to the Australian economy will also be impacted by the proposed cap.

Alternatives to the proposed cap

The Government has argued that the cap is needed due to an unacceptable level of individuals gaining ‘private benefits’ from education (Treasurer’s media release, 13 April 2013). One example given is the potential to combine education and personal travel overseas, and for the deduction to be available for costs such as first class airfares and 5 star accommodation. We note that no evidence is provided as to the extent of these practices in the discussion paper. The weakness of the discussion paper aside, if these practices are of concern, specific mechanisms should be used to address them, rather than a cap which has a much broader impact.

Given the ACMHN’s concerns, we are not in favour of any cap, irrespective of the amount. However if the Government does pursue a cap, we would suggest that the cap should be means tested so that low income earners who are less able to afford high cost education retain the tax deduction, while high income earners do not.

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