

# Response to Treasury discussion paper on tax deductions for self-education expenses



The Australian Veterinary Association (AVA) is the only national organisation representing veterinarians in Australia. Our 7500 members come from all fields within the veterinary profession. Clinical practitioners work with companion animals, horses, farm animals and wildlife. Government veterinarians work with our animal health, public health and quarantine systems while other members work in industry for pharmaceutical and other commercial enterprises. We have members who work in research and teaching in a range of scientific disciplines. Veterinary students are also members of the Association.

## Executive summary

Skilled veterinarians are essential to the welfare of animals in Australia. It is critical that they remain current on the latest treatments, technologies and innovations to ensure quality care for companion animals, food animals, and wildlife.

In most states and territories, minimum levels of continuing professional development are a requirement to maintain registration to practice veterinary medicine.

Most veterinarians pay for all or most of the cost of professional development themselves, out of an average total income of \$74,000.

It is essential that veterinarians, particularly female, part-time, recently graduated, and rural and regional veterinarians, are not further disadvantaged by having their access to mandatory continuing professional development curtailed.

A cap on self-education expenses of \$2000 is poor policy and will have negative results for the veterinary profession, animal welfare and Australia's economy. We recommend that the proposal is abandoned.

## Income

The Australian Taxation Office statistics for the 2010-11 financial year<sup>1</sup> report figures for 6695 veterinarians, with an average total income of \$74,310.

Average total income is affected significantly by gender. The female veterinary workforce (4045 individuals or 60% of the total) had an average total income of \$62,450 while the average for males was \$92,413.

Currently, around 80% of veterinary students are females, and this has been the case since 2008. New graduates, predominantly women, enter the workforce with a large HELP debt of around \$50,000 for domestic Commonwealth-funded students. Reducing their entitlement to self-education tax deductions will seriously hamper their ability to build on their skills and reach their potential as experienced veterinarians.

## Participation

The veterinary profession is becoming increasingly dominated by women. The proportion of women is set to steadily increase in the future.

Mandatory continuing professional development requirements to maintain registration to practice as a veterinarian are the same regardless of the hours worked, income earned, or travel required.

Veterinarians in remote or regional locations need equal access to suitable professional development to fulfil their mandatory registration requirements. However costs are considerably higher due to the need for travel and accommodation. It is these veterinarians who must stay at the forefront of their profession to ensure the safety of our food and the productivity of our critical agricultural industries.

Reducing eligibility for tax deductions will further hamper the ability of female, part-time, recently graduated, rural and regional veterinarians to remain current and practice at the required standard.

## Veterinary professional development

Minimum levels of continuing professional development activity are required to maintain veterinary registration in most states and territories in Australia. These levels are usually required regardless of the hours worked or income earned as a veterinarian. Veterinarians currently pay for most of their mandatory continuing professional development activities themselves.

In a survey of Australian Veterinary Association members conducted in June 2013, 525 respondents provided data on their veterinary professional development in the previous year. The survey respondents represent around 5% of all registered veterinarians in Australia.

- Only 13% reported spending \$2000 or less on continuing professional development in the previous year
- 21% of respondents spent between \$3001 and \$4000
- 75% of respondents spent between \$2001 and \$8000
- 5% reported spending more than \$10,000.

Most of these costs were paid by the individual, or shared between the individual and the employer.

- Only 5% of respondents reported that all professional development costs were paid by their employer
- 55% of respondents paid for professional development themselves
- 39% of respondents shared the costs with their employers.

75% of those who shared the expense of professional development with their employer paid 50% or more of the cost themselves.

## Costs

Registration for the Australian Veterinary Association Annual Conference this year cost association members \$1450 to register. A fellowship of the Australian New Zealand College of Veterinary Scientists in order to become registered as a specialist costs over

\$4000 just to sit the examination. Distance education options run online over a period of time by the University of Sydney cost well over \$5000 a year.

It would not be unreasonable for a small business professional such as a veterinarian to attend, in one year alone, a business course at \$625, a one-day technical skills course at \$700, and a four day scientific conference at \$1450 – a total of \$2775. These are only the registration costs for real events and do not include associated travel and accommodation.

For those veterinarians with particular specialties, the small size of the profession in Australia requires at least an occasional visit to an international conference to remain current in their chosen field. The cost of these visits will always exceed a \$2000 cap in any given year, yet are essential to maintaining animal health and welfare standards in Australia.

## **What veterinarians think**

The Australian Veterinary Association polled members about the change to tax deductions when it was announced, and 99% of respondents agreed that the measure would hamper their professional development as veterinarians.

At the same time, they provided insight into their own personal circumstances, and exactly how the change will affect them. These quotes are a sample of the views they expressed.

“Currently, I am undertaking one of the Continuing Veterinary Education year-long distance education courses - the cost is \$5,950 plus the cost of airfares, accommodation etc to attend a 2 day workshop in Sydney. Where I live, there is scant local provision of face to face continuing education - one must fly somewhere else, and hence pay accommodation expenses, as well as airfares. Veterinary science is a practical profession and there is only so much that can be done by webinar.”

“\$2000 does not meet the costs of attending almost any week-long conference or seminar, doesn't meet the costs of most distance education and rules out tertiary continuing education which is high quality. It will severely cut income to continuing education providers. It means that more veterinarians will rely on drug company sponsored education - some of which is high quality - but there is always the risk of bias. There are animal welfare implications here.”

“The image of veterinarians flying first class to attend “junket CPD” merely for tax deduction purposes is pure fantasy. The government needs to understand that the profession is serious and genuine in our mission to continue improving services at all levels of animal health.”

“The cost of attending CPD events is incredibly high for rural and regional veterinarians. On top of the cost of registration is the cost of travel and accommodation. Continuing education is incredibly important in our fast changing profession, and reducing the amount that we can claim is just another disincentive that we can do without. As many of us are already isolated geographically from our colleagues, it is vitally important that we attend major conferences and seminars. The benefits from online CPD are just not the same as the opportunity to mix with inspiring world class leaders and speakers, and with our colleagues.”

“As an Australian sheep veterinarian, there is little in the way of new advances that can be learned from text books etc as much of the latest research we need to advise clients is not yet published. Most of the current information we need is disseminated and its application discussed at conferences and seminars such as the AVA annual conference and the Australian Sheep Veterinarians biannual conference. The cap of \$2000 will greatly limit

the opportunities for many members to keep abreast of recent research and developments.”

“Many employed vets are on modest incomes of less than \$70,000 a year full-time paying off HECS debts and with poor prospects of being able to buy into practices let alone buying their first home. In Victoria vets have to fulfil requirements of continuing education in order to comply with registration by the Veterinary Practitioners Registration Board of Victoria. The costs of this education can be large and will be hard to bear for many without some tax relief. This is going to increase the financial stress of many veterinarians who try to do the right thing and keep at the forefront of their profession as is expected by the Australian public.”

“It is hard enough for those of us that work part time (did for years) or self-employed in a new business (now) to afford CPD as it is. Changing these laws will discourage attendance at hands on workshops and conferences as these are by far the most expensive form of CPD but the most useful.”

“It is vital that veterinarians remain up to date with the latest medical and surgical knowledge and any attempt to stop this is short sighted and inconsistent with a government which prides itself on promoting education. Tax deductibility reduces the burden of continuing education however there is still a significant out of pocket expense for the practitioner involved. This alone is a good safety value to help ensure that the system is not abused.”

“Many people, particularly women only work part time in the profession, me included. So my income from practicing as a vet is relatively small, although I still need the same amount of professional development as a vet in full-time practice. So this legislation would be discriminatory towards women... Also as a part time vet, I don't get to see all the industry reps, so conferences with trade displays are vital for me to catch up on new and developing tools for my work.”

“Being part-time, I find continuing education even more vital in keeping me up to date and informed about the continually changing thoughts on the pathophysiology, diagnosis and treatment of veterinary diseases. Clients expect it of us, and we try not to let them down.”

## Conclusion

A cap on self-education expenses of \$2000 is poor policy and will have negative results for the veterinary profession, animal welfare and Australia's economy. We recommend that the proposal is abandoned.

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<sup>1</sup> Australian Taxation Office 2012. *Table 13: Selected items, by occupation, sex and taxable income, 2010-11 income year*, Available at:  
[http://www.ato.gov.au/corporate/content.aspx?menuid=0&doc=/content/00345977.htm&page=8#P175\\_7617](http://www.ato.gov.au/corporate/content.aspx?menuid=0&doc=/content/00345977.htm&page=8#P175_7617)