



NATIONAL RURAL
HEALTH
ALLIANCE INC.



Ms Ruth Geary
Australian Taxation Office
Email: ruth.geary@ato.gov.au

Dear Ms Geary

REVIEW OF AUSTRALIAN TAXATION OFFICE ADVICE ON SCHOLARSHIPS

The National Rural Health Alliance (the Alliance) welcomes the opportunity to provide comments and suggestions for consideration by the Australian Taxation Office relating to the *Review of ATO advice on scholarships*.

The Alliance is comprised of 38 national member organisations covering more than 250,000 individual members and a further 450 organisational members. We are committed to improving the health and wellbeing of all people living in regional, rural and remote Australia¹. Our members include consumer groups, representation from the Aboriginal and Torres Strait Islander health sector, health professional organisations (representing doctors, nurses, midwives, allied health professionals, dentists, optometrists, paramedics and health service managers) and health service providers. A full list of Alliance members is at [Attachment A](#).

It is well known that the health and medical workforce is maldistributed across Australia with many more providers located in major cities and regional areas than in rural and remote communities. This is true in an absolute sense and also relative to population size.

Access to GPs in rural and remote Australia has improved over the past 20 years in response to government programs, largely due to an increase in the number of non-vocationally registered GPs, International Medical Graduates and GP trainees working in rural areas. Unfortunately, this has not been the case with allied health providers as well as with specialist medical professionals.

The Australian Government has implemented incentive mechanisms to attract the required workforce to rural and remote Australia. This has included financial scholarships to assist with the costs associated with attending University or other training. Some scholarships are 'conditional', that is, the scholar receives financial assistance to attend University or other training in return for their agreement to specific conditions in some cases working in a rural or remote location on completion of their study.

The Alliance manages the Rural Australia Medical Undergraduate Scholarship Scheme (RAMUS) and has done so since its inception in 2000. RAMUS is funded by the Australian

¹ Throughout this submission, references to remoteness are based on ASGC-RA, in which category 1 is Major cities, 2 is Inner regional areas, 3 Outer regional, 4 Remote and 5 Very remote. In the submission, references to "regional areas" mean Inner plus Outer regional; and references to "remote areas" mean Remote plus Very remote.

Government and assists selected students with a rural background to undertake University study in medicine. In addition to their rural background, RAMUS scholars are selected based on their financial need and demonstrated commitment to working in rural Australia on conclusion of their study. Scholarships of \$10 000 are paid each year for the duration of University study. The Scheme aims to attract more doctors to rural and remote Australia.

At the end of the scholarship period, it is hoped that scholars return to practice in rural and remote Australia. However, there is no requirement nor formal 'bonding'.

The policy impetus for the RAMUS Program has been very clear since its inception in 2000. There is a significant amount of evidence that indicates that a young person who has a rural or remote background is more likely to return to these areas on completion of University study.

Based on this evidence, a number of Australian Government programs seek to support rural and remote students to attend University. As such, RAMUS goes some way to encouraging and supporting young people from rural and remote Australia to relocate to metropolitan or large regional centres to undertake University studies to complete a medical degree. These students may not otherwise be able to undertake this study.

The Alliance believes that the proposed review of the legislation relating to the taxation status of scholarships will not have implications for RAMUS as it is our understanding that RAMUS would remain tax exempt. This position has been determined based on the fact that RAMUS does not have a condition for scholars to meet specific requirements on conclusion of their study, ie to practice in a rural and remote location (refer to the ATO discussion paper page 2/9 Section 51-35 dot point 4).

It would be appreciated if the ATO could confirm that the Alliance has interpreted this information correctly.

While the Alliance does not provide advice on the tax status of the scholarship to scholars, it is important for the Alliance to understand the net financial value of the scholarship to students.

In a broader sense, the Alliance remains concerned about altering the taxation status of scholarships to University students from rural and remote backgrounds for two key reasons:

1. It reduces the income available to the scholar and dilutes the impact that the scholarship may have. This is particularly problematic in terms of influencing the decision for a young person to leave a rural and remote community and relocate to a metropolitan or regional centre to undertake education and training. The value of the scholarship may no longer be a sufficient incentive to drive and maintain the number of students from country areas undertaking University studies. This would have an ongoing impact on the available workforce to relocate in rural and remote Australia.

2. It would be problematic to modify the taxation status of scholarships part way through the university course. Scholars receiving scholarships rely on this financial assistance and reducing the available funding would have broad implications that may result in scholars not being able to complete their studies due to financial burden.

Demand for scholarships under RAMUS is overwhelming, which raises serious concerns about the potential that a new tax impact would have on future rural student numbers.

The National Rural Health Alliance is pleased to provide input for consideration by the Australian Taxation Office. I am available should you wish to discuss RAMUS in more detail and can be contacted on david@ruralhealth.org.au or 0411 474 912

Yours sincerely



David Butt
Chief Executive Officer
31 March 2017

Attachment A

National Rural Health Alliance - Member Body Organisations
Australasian College for Emergency Medicine (Rural, Regional and Remote Committee)
Australasian College of Health Service Management (rural members)
Australian College of Midwives (Rural and Remote Advisory Committee)
Australian College of Nursing - Rural Nursing and Midwifery Community of Interest
Australian College of Rural and Remote Medicine
Australian General Practice Network
Australian Healthcare and Hospitals Association
Allied Health Professions Australia Rural and Remote
Australian Indigenous Doctors' Association
Australian Nursing and Midwifery Federation (rural nursing and midwifery members)
Australian Physiotherapy Association (Rural Members Network)
Australian Paediatric Society
Australian Psychological Society (Rural and Remote Psychology Interest Group)
Australian Rural Health Education Network
Council of Ambulance Authorities (Rural and Remote Group)
Congress of Aboriginal and Torres Strait Islander Nurses and Midwives
CRANApus
Country Women's Association of Australia
Exercise and Sports Science Australia (Rural and Remote Interest Group)
Federation of Rural Australian Medical Educators
Indigenous Allied Health Australia
Isolated Children's Parents' Association
National Aboriginal Community Controlled Health Organisation
National Aboriginal and Torres Strait Islander Health Worker Association
National Rural Health Student Network
Paramedics Australasia (Rural and Remote Special Interest Group)
Rural Special Interest Group of Pharmaceutical Society of Australia
RACGP Rural: The Royal Australian College of General Practitioners
Rural Doctors Association of Australia
Rural Dentists' Network of the Australian Dental Association
Royal Far West
Royal Flying Doctor Service
Rural Health Workforce Australia
Rural and Indigenous Health-interest Group of the Chiropractors' Association of Australia
Rural Optometry Group of Optometry Australia
Rural Pharmacists Australia
Services for Australian Rural and Remote Allied Health
Speech Pathology Australia (Rural and Remote Member Community)