



# Within Tuition

Australian Tutoring Association (ATA) Ltd.

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July 2009

## The Australian Tutoring Association (ATA) Ltd Newsletter

### Chairman's Report

Welcome to the July 2009 edition of the Australian Tutoring Association (ATA) newsletter. It is hard to believe but the second half of the year is rushing towards us. It is even harder to believe but we have now been representing the tutoring industry, lobbying and benchmarking best practice for nearly four years.

I looked back recently on some editions of our newsletter from around this time last year. At that time we were just entering into the Curriculum Corporations launch of the federal government's "An Even Start (AES)" tuition programme. Of course this has now come and gone. Little did we know at the time that the world's economic climate was about to change dramatically. Upon reflection the programme could not have come at a better time for small businesses such as ours, providing much needed economic stimulus through the beginning (and hopefully) the worst of the 'financial meltdown'. Taking into consideration the logistical and administrative issues that most of us encountered in dealing with "An Even Start (AES)", the feeling generally within the industry is that the programme did target the students that really needed the help and went some way towards achieving the outcomes it aspired to.

Tutoring by its nature would tend to fall into the discretionary spend category of most household budgets. Although, some would argue, not at the extreme of this category, tutoring businesses are susceptible to changes in spending by consumers.

The ATA Board are very aware that some of our members may be suffering a downturn in business at the moment. We have, and are continuing to, lobby the federal government on making changes to the Education Tax Rebate (ETR) with this in mind, to this date unsuccessfully. There is a template available on the ATA website available for any members or parents that may be interested in expressing a view to Julia Gillard on this issue. We strongly encourage you to do so and to encourage your clients to sign and send in the parent letter.

In difficult times it is usually those businesses that are providing a quality service with structures that offer significant advantages to par-

ents and students that prosper. It is even more important that at these times businesses do not "cut corners" with regard to best practice. Our Code of Conduct is the reputational protection that will help our members maintain market share and build strong businesses.

The ATA is continuing to work hard to provide members with value. We are always considering ideas with regard to getting our message across to the media and government. We have now bedded down and are well into our second year in the relationship with AAMI our provider of insurance. The insurance package offered and their policies for our members providing a significant discount to what is available elsewhere in the market.

We can now also announce that after a lengthy period of research and negotiation we are about to sign an agreement with a major bank that will provide members with discounted banking products.

Taken together, the insurance and banking benefits alone will more than offset the cost of membership subscriptions. Effectively if you agree to act ethically, under the ATA's code of conduct, you cannot lose. In fact you should now have both a competitive and reputational advantage over non members.

Of course we continue to explore other alliances that may provide benefits to our membership base.

Chris Druett - ATA Chairman.

### At last: NSW Tutors subject to compulsory Child Protection Screening in 2010 - but issues still remain...

From May 2010 self-employed tutors in NSW will have to have a current child protection certificate or risk facing a \$2,000 fine. The cost of the certificates will be \$80 according to the NSW Minister for Youth, the Hon Graham West. The background check involves a police check, assumed to be national. The checks will pick up whether a person has had convictions in regards to child sex offences, kidnapping, murder, or violence against children, said the Minister.

Certificate-holders will be listed on a government website so that prospective tuition clients

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can check to see whether people are covered.

The Australian Tutoring Association (ATA) Ltd. is pleased with the changes, although the Board would like the cost to be funded by the State government. Moreover, it wonders what compliance regime will be in place to ensure adherence to the new laws.

How will authorities know whether uncertified people are engaged in the provision of tuition?

References: <http://www.abc.net.au/news/stories/2009/07/11/2623397.htm>



## University education and tax deductibility

A Victorian student has successfully claimed education-related expenses as a tax deduction, after a court decision that could open the door for thousands of student-assistance recipients nationwide. The Federal Court in Melbourne handed down its ruling on the first of the month, but it was no April Fool's joke that allowed Symone Anstis to claim \$920 on textbooks, transport and a university fee.

In a decision that could have major ramifications for the Government's Henry Tax Review, the 24-year-old Australian Catholic University graduate successfully argued that in order to qualify for the government Youth Allowance payment, it was necessary for her to incur a range of unavoidable expenses.

To qualify for Youth Allowance, a student must be enrolled at an educational institution, undertake at least three quarters of a full-time study load and be making satisfactory progress towards completion. The court agreed with Ms Anstis that in order to meet these requirements a student was forced to make a range of expenses that they were entitled to claim as tax deductions.

Tax law expert Miranda Stewart says the case has a number of implications. "On one level it just applies normal principles that expenses incurred by a taxpayer in gaining assessable income are deductible," said associate professor Stewart, director of the Taxation Studies program at the University of Melbourne. "What's interesting about the case is that she was allowed to claim the expenses against Youth Allowance as assessable income."

She says this could create a precedent for students across the country and any recipient of welfare payments to claim expenses against their pensions. "In a previous public ruling (the ATO) has said that it will not allow educational expenses to be claimed against welfare payments like Youth Allowance, so the Tax Office may be concerned about this decision and they will be likely to lodge an appeal." Currently \$1.9 billion of Youth Allowance and Austudy payments are handed out to eligible students each year.

### **David against Goliath**

The decision comes after a two-and-a-half-year battle by Ms Anstis, who is in her third year of a teaching career in Melbourne's western suburbs. When she lodged her tax return for the financial year ending June 2006, she declared \$14,946 of earnings from a part-time job as well as \$3,622 from Youth Allowance. When it came to claiming tax deductions, Ms Anstis included \$920 spent on textbooks, a computer, transport and a university administration fees. She reasoned that her Youth Allowance was part of her income, so she should be able to claim deductions on relevant costs. "I was getting Youth Allowance and there's costs involved in studying like books and stationery and what not, and I thought you should be able to claim it," the Noble Park resident told the ABC. "It was the first year I'd re-

ceived Youth Allowance and I'd just moved out of home. I think it seemed quite logical and my Dad backed me up and told me you should be able to [claim it]."

A few months later she received a letter from the Tax Office informing her that she was not entitled to claim the deductions. "My Dad said it probably would get knocked back, but then we decided to take it further. So it went to a tribunal." The case was not expected to get up and the ATO was successful in blocking the case in the Administrative Appeals Tribunal last year. But Ms Anstis was not content to leave the matter there, drafting in more help from her lawyer father Michael, who decided to represent her. Her primary motive in making satisfactory progress in her course of study was to continue to receive Youth Allowance, which, in turn, was necessary in order to complete her studies," he argued in the Federal Court in Melbourne.

The Tax Office countered with the same argument they had used in the tribunal, saying the expenses were not incidental to Ms Anstis's earnings. "The expenditure had been incurred to enable the applicant to obtain new employment and was 'at a point too soon' to be regarded as having been incurred in gaining or producing assessable income," the Commissioner's lawyers said in court. But the court found that the costs were a necessary part of meeting the requirements of a degree, which was necessary to be eligible for youth allowance. Because the expenditure was in the same tax year as the receipt of Youth Allowance, the court ruled that the Tax Office was wrong in arguing that the costs were incurred at a "point too soon".

### **Major precedent**

"It was so good. Although I was hoping to win you don't expect to win with a Federal Court case so I was really happy," Ms Anstis said. "I've been speaking with my auntie about it, who's a student, and she was happy because she might be able to claim some costs now. It should affect quite a few people." Her father Michael is confident the decision will "virtually guarantee" that students can now proceed to claim tax deductions against their assistance payments. Treasury Secretary Ken Henry is currently leading a major review of the entire Australian taxation system, which will examine the complicated system of tax deductions. The ABC understands there is a view within the Treasury that the deduction system is far too complex and intricate, and an overhaul could be coming. This decision will certainly give Dr Henry some food for thought. A spokesman for the ATO says it is considering its options and may appeal against the ruling.

Source: Nic MacBean, ABC News Online <http://www.abc.net.au/news/stories/2009/04/16/2544542.htm?site=melbourne>, 17.04.09 accessed on 15.07.09



## Discounted Banking for ATA members coming very soon

The Australian Tutoring Association (ATA) has negotiated a deal with a major financial institution which provides discounted banking products for ATA members

The idea is for ATA members to obtain added value for ATA membership. Over the coming months the ATA hope to be able to announce other significant strategic partnerships for the benefit of ATA members.

## Consumer protection news

From time to time unscrupulous business organisations target vulnerable clients in order to try and make money quickly. Apart from the confusion, hurt and suffering inflicted on clients, such behaviour also causes a distrust of the industry and tarnishes all operators. It is therefore in everyone's interest that all tuition organisations, whether a member of the ATA or not, act in ethical and honest ways at all times.

### Brisbane Math and English academy fined \$6,000

A maths and English tutoring company has been fined \$6,000 in the Beenleigh Magistrates Court for breaching fair trading laws.

Minister for Tourism and Fair Trading Peter Lawlor said the Brisbane Academy of Math & English Pty Ltd made an unsolicited approach to a family living in the Woodridge area.

"The trader had contacted the refugee family who had recently arrived in Australia from Sierra Leone, promising them an education package that would assist their teenage children" Mr Lawlor said. The company also arranged the finance for the purchase of the package.

"In breach of the Fair Trading Act, the company failed to outline to the family how they could withdraw from the contract, worth nearly \$5,000, within the 10-day cooling off period.

The company provided the product before the 10-day cooling off period.

Mr Lawlor said the Office of Fair Trading helped the family receive a refund.

"This outcome demonstrates Fair Trading's commitment to ensuring door-to-door traders operate within the law and should be a warning to unscrupulous traders"

Mr Lawlor encouraged consumers to be aware of their rights when approached by door-to-door traders.

Source: <http://statements.cabinet.qld.gov.au/MMS/StatementDisplaySingle.aspx?id=63759>, accessed on 14.07.09

## Client relationships in the economic downturn by Mohan Dhall

The economic downturn is a significant external factor impacting on business incomes in 2009. Under such circumstances business owners would be wise to focus on improving client relationships whilst recognising that the decision to choose a tutor is not taken lightly when job security is low and incomes are uncertain. Specific strategies that business owners and managers can apply include:

- Offering discounts for customers who have shown loyalty. This can be done by giving price reductions over an agreed number of tuition sessions
- Adding value to the tuition sessions by making available supplementary resources at discounted rates
- Keeping prices constant even though there are very moderate cost of living rises. Certainty help clients feel valued and respected
- Applying a strategy of price lining. This means offering different price points for different levels of service. Thus, for example, a tutor can offer a class of 3:1 and charge each client substantially less, still giving the student the benefit of tuition
- Tutors can cut cost by spending less on advertising through focusing on a direct marketing approach or below the line approach to selling which is cheaper
- Businesses can seek to diversify the range of educational services they offer. In order to do this business owners and tutors should listen closely to what the market is telling them it wants.

It has been said that education is recession-proof. When the education is supplementary, and the spending is discretionary, then this is manifestly NOT true. The onus then is on business owners and tutors to find ways of improving service delivery and better meeting the needs of clients. This requires imagination, time and effort.

### Case Study in value adding

A couple of strategies that could be adopted involve negotiating with parents and students to only supply services that are necessary. This means that students will see the tutor once and we will together diagnose a pattern of study, most of which is done by the student in their own time. Under this model, the next and future sessions are only booked in once the student has completed all prior work and taken it to the best of their ability. In this way the tutor's role is far more one of 'facilitator or mentor'. The pattern of support is absolutely shaped to the student and their family's needs. The financial incentive is for the student and family to be as independent of assistance as possible. In conjunction with this tuition centres can create a library of text books that parent can borrow for their children free of charge. This means that students can do practice papers supervised by parents in their own time.

This approach helps parents feel valued and they know that educational outcomes are placed above commercial interests.

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### **ATA Board Meetings**

The ATA Board meets from time to time (at least four times per year face to face) and conducts regular teleconferences. The ATA Board aims to improve the range of services offered to ATA members. Members are welcome to contribute items for the Board to discuss through contacting one of the Board members or emailing the ATA at the addresses listed below. Members are invited to contribute to the newsletter, which is published quarterly. The ATA Newsletter is distributed in hard copy form to all members and is also available on the ATA website for download.

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### **Contacting Us**

For contributions and comments please email the ATA [mdhall@ata.edu.au](mailto:mdhall@ata.edu.au) or [mlopez@ata.edu.au](mailto:mlopez@ata.edu.au); mail us at:

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### **STOP PRESS STOP PRESS STOP PRESS**

#### **ATA Updates:**

#### **An Even Start (AES)**

The An Even Start (AES) Program is currently being assessed by Urbis - an organisation contracted by DEEWR to interview and compile an assessment of the program from the point of view of the stakeholders.

#### **Sticker availability**

The ATA has stickers available for car bumpers and for windows of premises. All new members received two such stickers upon acceptance of membership. Additional stickers can be purchased from \$1 each from the office.

#### **Back Issues of the Newsletter**

Previous issues of the ATA newsletter are available upon request. Moreover, they can be downloaded from the ATA website: [www.ata.edu.au](http://www.ata.edu.au).

#### **Updates to the ATA Website**

The ATA website is continually being updated and improved in order to provide members with better information and to guide and direct tutors as to the activities of the Board. In recent months we have engaged both parents and tutors in a lobbying campaign aimed at the Federal government's Education Tax Rebate (ETR) which at present specifically excludes tuition.