



**Psychotherapy & Counselling
Federation of Australia**

PACFA response to Treasury consultation: Reform to deductions for education expenses

Submitted to:

**Individuals Tax Unit
Personal and Retirement Income Division
The Treasury**

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BACKGROUND

The Psychotherapy and Counselling Federation of Australia (PACFA) is a national peak body representing the self-regulating profession of counselling and psychotherapy. In 2011, PACFA jointly founded the Australian Register of Counsellors and Psychotherapists (ARCAP), in partnership with the Australian Counselling Association (ACA), the other peak body for the profession.

ARCAP provides robust self-regulation of the counselling and psychotherapy profession, along with PACFA's and ACA's professional training standards, codes of ethics and complaints handling processes. ARCAP counsellors and psychotherapists have demonstrated that they meet the required training and ethical standards and that they undertake the required supervision and professional development activities annually.

This submission has been prepared by PACFA on behalf of the approximately 3,000 counsellors and psychotherapists that PACFA represents. The submission has been endorsed by the ACA, which represents another 3,000 practitioners, and therefore represents the endorsed position of ARCAP.

INTRODUCTION

Counsellors and psychotherapists must meet the training standards and registration requirements set by PACFA in order to be eligible for registration on ARCAP. Alternatively, practitioners may become registered on ARCAP through the ACA which has its own training standards and registration requirements.

All counsellors and psychotherapists registered with ARCAP must undertake professional development annually in order to maintain their registration. While no particular professional development activities are mandatory in order to renew registration, it is mandatory to undertake a certain number of hours of professional development each year. The amount required by PACFA is 15 hours per annum. However many practitioners undertake more professional development hours than this in order to maintain their skills and competence as counsellors or psychotherapists.

Practitioners incur considerable costs in order to meet the required 15 hours of professional development for registration purposes. It is also important that counsellors and psychotherapists are able to access further specialist training in order to continue to develop their skills, given that they are supporting vulnerable clients with their mental health.

The cap on self-education expenses will discourage practitioners from undertaking specialist training and post-graduate study and this will have a significant impact on the profession and the clients we serve. It is important that we have a highly skilled and trained mental health workforce to be able to meet the needs of the community for high quality counselling and psychotherapy services. Practitioners living away from the main metropolitan areas are at a particular disadvantage because of the travel expenses they incur to attend professional development activities, which generally take place in the metropolitan centres.

If the government proceeds with the cap on self-education expenses, it should reconsider the level of the cap. Based on a recent survey, PACFA Registrants spent an average of \$4,029.12 on self-education expenses last financial year. Those undertaking post-graduate study incur much higher expenses (more than \$12,000 per annum). A cap of \$10,000 would be more appropriate, but at a minimum, the cap should be set at \$3,000.

In this submission PACFA makes recommendations for some alternative approaches to the self-education cap such as excluding the following from the capped amount:

- Professional development that is mandatory for registration purposes; and
- Travel expenses to professional development for practitioners living outside the major metropolitan areas.

Importantly, PACFA's submission highlights the distinction between self-education and clinical supervision. Clinical supervision is not self-education expense but is an integral part of the process of delivering counselling or psychotherapy services; it is essential to ensure client safety. Clinical supervision should therefore never be treated as a self-education expense.

RECOMMENDATIONS

1. Set the cap on self-education expenses higher, ideally at \$10,000. However, at a minimum, the cap should be set at \$3,000.
2. Remove the non-claim threshold of \$250 to avoid a further reduction in the amount of the cap. For example, a \$2,000 cap may be effectively only \$1,750.
3. Mandatory professional development hours required for professional registration purposes should be excluded from the capped self-education expenses.
4. For practitioners living in specified postcodes outside the metropolitan areas, travel expenses required to attend professional development activities within Australia should be excluded from the capped self-education expenses.
5. Clinical supervision is not a self-education expense. It is a work-related expense that is an essential part of the therapy process, ensuring client safety.
 - a) Where clinical supervision costs are incurred in private practice, it should be treated as a direct business cost. It should never be treated as a self-education expense.
 - b) Where a practitioner is employed (e.g. in an agency) and clinical supervision is not provided by the employer, or the employer provides inadequate clinical supervision, expense claims for clinical supervision should be an employment-related expense and should never be treated as a self-education expense.

Background to PACFA

What is PACFA?

PACFA is a national peak body representing the self-regulating profession of counselling and psychotherapy. PACFA is a federation of 29 member associations which cover a range of counselling and psychotherapy modalities including family therapy, relationship counselling, experiential therapies, psychoanalysis, expressive arts therapies, hypnotherapy and solution-focussed counselling.

PACFA advocates for appropriate, accessible health services to meet the bio-psychosocial needs of consumers. Counselling and psychotherapy focus on the prevention of mental illness and the provision of psychotherapeutic interventions for psychological difficulties, while actively promoting the development, mental health and wellbeing of consumers.

PACFA Register

PACFA operates a national Register of suitably qualified and experienced counsellors and psychotherapists. PACFA registrants are required to belong to one of the twenty-nine member associations of PACFA as a condition of registration. Registrants must practice according to the PACFA Code of Ethics, as well as the Codes of Ethics of the member associations to which they belong.

PACFA's 1,400 Registrants have completed training in counselling and psychotherapy to at least Bachelor degree level or equivalent, and many are trained at postgraduate level. Registrants have attained the required level of supervised practice experience and demonstrate that they meet ongoing professional development requirements. Approximately 25% of PACFA Registrants are located outside the major metropolitan population centres.

All PACFA Registrants are listed on the single national register, ARCAP.

CONSULTATION REPOSSES

1. In your industry or field, are there studies or courses that are compulsory and must be completed in order to meet licence requirements?

PACFA's eligibility requirements for registration are detailed below, together with annual professional development requirements to maintain registration.

ACA has comparable eligibility requirements for registration of fully qualified practitioners and they have additional registration categories for counsellors qualified to Diploma-level. All ACA practitioners are required to undertake professional development to maintain registration.

a. PACFA eligibility requirements

Provisional Registrants

The standards require training to at least Bachelor degree in terms of level and depth of training, as defined by the Australian Qualification Framework www.aqf.edu.au, or equivalent training that meets PACFA's Professional Training Standards. There are two training routes:

- (i) Undergraduate degree or equivalent comprising at least 350 hours of face-to-face counselling or psychotherapy training, including 50 hours of clinical supervision linked to 200 client contact hours; or
- (ii) Relevant undergraduate degree, plus 2 years postgraduate training or equivalent comprising at least 200 hours of face-to-face counselling or psychotherapy training. The training includes 50 hours of clinical supervision linked to 200 client contact hours.

Clinical Registrants

The training is the same as for provisional registrants. Clinical Registrants have completed a further 750 hours of client contact linked to 75 hours of supervision over a minimum of two years.

Mental Health Practitioners

Mental Health Practitioners are Clinical Registrants who meet PACFA's Mental Health Competencies. They demonstrate knowledge and experience of current assessment techniques and interventions in mental health, and an understanding of research and evaluation methods.

Accredited supervisors

Accredited Supervisors are Clinical Registrants who have undertaken training in supervision that meets PACFA’s Supervision Training Standards and have the required level of experience to provide supervision to other practitioners.

b. PACFA registration renewal requirements

All PACFA Registrants are required to meet the following renewal requirements:

- 15 hours of professional development per annum;
- Between 10 and 15 hours of clinical supervision per annum, depending on the registration category and the amount of client hours undertaken;
- Meet PACFA’s ethical standards; and
- Hold professional indemnity insurance.

a) What is the average amount of the expense?

Professional Development expenses

PACFA has surveyed members to determine the average expenditure on professional development. We have also prepared case studies with indicative costs of the professional development activities frequently undertaken.

For the members that responded to the survey, the average expenditure on professional development was \$4,029.12.

This expenditure should be seen in the context of the average annual income for counsellors and psychotherapists which, according to the government’s Job Outlook website, is only \$52,624 per annum. A \$2,000 cap on deductions for self-education is likely to result in some practitioners undertaking less professional development as practitioners on average counsellor incomes will simply not be able to afford to pay for their professional development.

The following case studies illustrate the types of self-education expenses being incurred by counsellors and psychotherapists.

CASE STUDY 1	
A counsellor practising full-time in private practice in Perth. Expenses are indicative, based on 1 year of professional development activities.	
PD Activity	Cost
Attendance at a national industry conference in Melbourne	\$ 460
Travel and accommodation expenses for conference	\$ 990
PACFA online mental health course	\$ 220
Professional Association PD events x 2	\$ 150
Total	\$1,820

CASE STUDY 2

Counsellor practising full-time in private practice in regional NSW. Expenses are indicative, based on 1 year of professional development activities.

PD Activity	Cost
Attendance at a national industry conference in Melbourne	\$ 460
Travel and accommodation expenses for conference	\$ 680
Certificate-level training in a specialist area of practice,	\$ 3,900
Travel expenses to specialist training in Sydney	\$ 400
Total	\$ 5,440

Supervision expenses

Clinical supervision is not a self-education expense but is an essential part of the process of delivering counselling or psychotherapy services, ensuring client safety. Clinical supervision should never be treated as a self-education expense.

For counsellors and psychotherapists working in private practice, clinical supervision is considered a direct cost associated with running a counselling/psychotherapy business, in the same way that room hire is a direct business cost. Survey respondents spent an average of \$1,736.04 on clinical supervision and it was treated by most practitioners as a direct business cost, not as a self-education expense.

However, some therapists need to spend significantly more on clinical supervision. A therapist with a full-time client load of 25 clients per week is likely to attend supervision fortnightly. 24 sessions of supervision per annum at a cost of \$120 per session costs the practitioner \$2,880 per annum. If the practitioner is seeing clients with complex mental health issues, weekly supervision may be required at an estimated cost of \$5,760 per annum.

If the practitioner is employed, for example in an agency, this supervision is usually provided by the employer on a regular basis, either weekly, fortnightly or monthly, depending on the client load. However, 37.3% practitioners who are employed do not have supervision provided, with others receiving inadequate supervision. Of all survey respondents that were employed, 73.1% paid for supervision outside of their employment. This supervision should be treated as an employment-related expense, not as a self-education expense. Treating this supervision as a self-education expense would potentially have serious consequences for the safety and quality of the counselling clients receive through agencies.

Clinical supervision should never be treated as a self-education expense. It is an integral part of the counselling/psychotherapy process that takes place at regular intervals and must continue indefinitely, for as long as the therapist is working with the client. These are essential practice costs and not optional professional development activities.

b) What is the highest amount of the expense?

Practitioners undertaking post-graduate study will incur the highest self-education costs, as illustrated by the following case study.

CASE STUDY 3

Psychotherapist living in rural Queensland undertaking post-graduate studies. Expenses are indicative, based on 1 year of study.

PD Activity	Cost
Master's degree (blended course involving off campus and on-campus learning) in a specialist area of practice	\$ 12,865
Travel to University for on-campus modules	\$ 720
Professional Association PD events x 2 including travel	\$ 300
Total	\$ 13,885

c) What is the nature of these courses?

As detailed in the above examples, professional development activities are varied, for example:

- Short PD events e.g. workshops, seminars, conferences
- Online courses
- Courses on specialist areas of practice or specialist modalities
- Post-graduate study

31.4% of survey respondents reported that they were undertaking post-graduate study. This is to be applauded as practitioners undertake this study at significant personal cost in terms of time and money. Post-graduate training for counsellors and psychotherapists is of great benefit to the community as it helps create a workforce that is highly skilled and trained to better support people with their mental health.

2. Is training undertaken in your industry predominantly held in Australia or overseas? Can you provide examples?

While training is available in both Australia and overseas, in practice, most registered counsellors and psychotherapists practising in Australia undertake their initial training, their continuing professional development, and any post-graduate study in Australia.

Some practitioners may attend conferences overseas, particularly in order to be able to access learning opportunities in specialist modalities. However it is much more common for practitioners to attend conferences and to seek professional development within Australia.

3. In employment relationships, are employees largely obliged to incur work-related education expenses themselves or are they employer provided? Do you anticipate this changing in response to this measure?

This is entirely at the discretion of the employer. Good practice would be for employers to provide some professional development opportunities but this is often dependent on the availability of resources to fund the professional development activities. It is likely that employers would provide less than the 15 hours of professional development required for PACFA registration.

In not-for-profit agencies that rely on fundraising or funded contracts, scarce resources may see professional development being a low priority. Some agencies address this issue by providing in-house PD, i.e. run by agency staff; however this may have low learning value for practitioners.

38.3% of survey respondents who were employed said their employers did not provide any professional development at all. Even taking into account that 61.7% of practitioners did have some professional development provided, 89% of survey respondents who were employed said they paid for their own professional development outside of their employment, suggesting that professional development provided by employers was inadequate.

Counsellors and psychotherapists are less likely to pay for professional development outside of their employment if the cap of \$2,000 goes ahead. This will put practitioners whose employers provide no professional development – or inadequate professional development – at significant disadvantage in being able to access professional development.

PACFA does not anticipate that employers will change their contributions to professional development for employees in response to this budget measure. Resources are not likely to be available to employers to fund the professional development, particularly in the not-for profit sector, which is where counsellors and psychotherapists are mostly employed.

4. Are you aware of examples where education expense deductions can be claimed under the current arrangements, even where significant private benefits are enjoyed?

Some practitioners claiming travel expenses to attend conferences would enjoy some private benefit from the travel, but the amounts being claimed for travel are generally not great as counsellors and psychotherapists mostly attend conferences in Australia and attend overseas conferences much less frequently. It is therefore not at all clear that the private benefits from attending overseas conferences could be considered “significant”.

5. Should the \$250 no-claim threshold under section 82A of the ITAA 1936 be removed when the \$2,000 cap is introduced?

If a \$2,000 cap is introduced, the \$250 no-claim threshold should be removed to avoid the situation where the cap is effectively reduced to \$1,750. Counselling and psychotherapy is not a very highly paid profession and yet the profession requires professional development to be undertaken annually. This means practitioners incur considerable self-education costs every year. If there must be a cap, the full \$2,000 should be allowed.

6. Are there any unintended consequences from the proposed reforms?

Counsellors and psychotherapists will be discouraged from undertaking specialist training and post-graduate study in counselling and psychotherapy. This will have serious consequences for mental health service delivery as the profession will have fewer specialist practitioners and fewer leaders in the profession trained to post-graduate level.

Practitioners incur considerable costs in order to meet the required professional hours for registration purposes, but it is also important that counsellors and psychotherapists are able to

access further specialist training in order to continue to develop their skills, given that they are supporting vulnerable clients with their mental health.

Practitioners need to access further training in specialist areas of practice or in specialist therapy modalities, for example:

Specialist areas of practice:

- Trauma
- Grief and loss
- Alcohol and other drugs
- Mental illness, e.g. depression and anxiety
- Personality disorders
- Suicidality
- Gender and sexual identity
- Cross-cultural practice
- Children, adolescents and families
- Veterans

Specialist therapy modalities:

- Family therapy
- Relationship counselling
- Hypnotherapy
- Gestalt therapy
- Psychoanalysis
- Psychodynamic psychotherapy
- Body-focussed psychotherapy
- Creative arts therapies
- Spiritually-informed counselling, e.g. Christian or Buddhist counselling

It is essential that practitioners continue to undertake further training in counselling and psychotherapy, particularly in specialist areas such as these, to ensure that the workforce is equipped to provide the wide range of therapy services required by diverse clients in the community. Mental health issues are becoming more complex, with dual diagnosis being increasingly common. This underscores the needs for practitioners to undertake further specialist training to build skills and competence, in order to better meet client needs. Often these specialist training opportunities cost considerably more than the \$2,000 cap.

Counsellors and psychotherapists should also be encouraged to undertake higher degrees such as Master's degrees and professional doctorates to ensure that the profession has highly trained leaders in the field, as well as researchers and educators. Counsellors or psychotherapists wishing to undertake post-graduate study would be discouraged from doing so without the capacity to claim these self-education expenses. Post-graduate study is essential to improve clinical skills and specialist expertise in a range of areas of real importance to the consumers of our services.

7. What practical aspects of the proposed reforms need further consideration?

The reforms should make it clear that clinical supervision is not to be included within the definition of self-education expenses.

Some allowance needs to be made for people living outside the metropolitan areas as they incur significant travel expenses to be able to access professional development.

8. Are there alternative approaches that you would like to see considered? How would they work in practice?

a. Increase the cap

PACFA suggests setting the cap higher, at say \$10,000, but even setting the cap at \$3,000 instead of \$2,000 would make a difference to many practitioners. This will enable counsellors

and psychotherapists who undertake specialist training, including those undertaking post-graduate training, to defray some of the costs associated with the training. Practitioners would still be covering a substantial amount of the costs of the further training themselves. Setting the cap too low would result in fewer counsellors and psychotherapists undertaking further study which would be extremely detrimental to the profession and to the clients we serve.

b. Exclude mandatory professional development from the capped expenses

The professional development activities required to meet professional registration requirements (i.e. the 15 hours of PD required for renewal of PACFA registration) should not be included in the cap on self-education expenses. Only self-education expenses over and above the mandatory 15 hours should be included within the capped expenses.

c. Concessions for those living outside metropolitan areas

To address the additional costs incurred by practitioners living outside the major population areas, for those living in specified postcode areas, the travel expenses required to attend professional development should be excluded from the capped expenses.

RECOMMENDATIONS

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2. Remove the non-claim threshold of \$250 to avoid a further reduction in the amount of the cap. For example, a \$2,000 cap may be effectively only \$1,750.
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 - c) Where clinical supervision costs are incurred in private practice, it should be treated as a direct business cost. It should never be treated as a self-education expense.
 - d) Where a practitioner is employed (e.g. in an agency) and clinical supervision is not provided by the employer, or the employer provides inadequate clinical supervision, expense claims for clinical supervision should be an employment-related expense and should never be treated as a self-education expense.