



## **North Australian Aboriginal Justice Agency Ltd**

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30<sup>th</sup> November 2012

Manager  
Charities Unit  
Indirect, Philanthropy and Resource Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sir/Madam,

### **Not-for-profit Sector Tax Concession Working Group (Working Group) - Submission**

The North Australian Aboriginal Justice Agency (NAAJA) is a not-for-profit Company set up to provide Aboriginal and Torres Strait Islander people with legal assistance across the whole spectrum of the legal system.

NAAJA is the largest legal practice in the Northern Territory and is funded exclusively by the Federal Government, through the Attorney General's Department. The funding of a specialist Aboriginal and Torres Strait Islander Legal Service recognizes the challenges our clients face in getting access to mainstream legal services and the need for a culturally competent service. The challenges include the diversity of cultural differences, language issues (many of our clients do not speak English and require an interpreter) and remoteness.

NAAJA has been proud to win a number of national awards in recent years, including a Human Rights Award in 2010 in the Law Category and a National Crime and Violence Prevention Award in 2012. We believe that we provide a highly effective and efficient legal service that plays an important role in protecting the rights of Aboriginal people and helping to close the gap on Indigenous disadvantage.

However, it is well-recognised that NAAJA (similar to other Aboriginal and Torres Strait Islander Legal Services – ATSILS), is significantly underfunded. This was the finding of the both the 2006 and 2009 Access to Justice Reports of the Senate Legal and Constitutional Affairs References Committee. The recommendations to significantly increase the funding of ATSILS have not been implemented.

With finite funding due to Australian Government budget restraints, NAAJA needs to stretch each dollar as far as possible. This is particularly so given the rapidly increasing cost-of-living pressures that exist in the Top End of the Northern Territory.

We are unable to match the salaries and conditions of the Legal Aid Commission or other similar agencies. Our limited resources also mean that our staff carry workloads well in excess of their colleagues in other legal services. The Fringe Benefit Concessions are vital for NAAJA to be able to provide salary/benefits packages to staff that are at least 'within range' of those offered by other employers.

Any changes to reduce, cap or remove Fringe Benefit Concessions to NAAJA would have a devastating effect on our ability to recruit and maintain staff as well as reducing our ability to provide our major services.

Please see below our comments on the possible changes to the Fringe Benefit Concessions.

- **Option 3.1 Revise list of eligible entities – It is essential that NAAJA and other ATSILS retain their PBI status**
- **Option 3.2 Capping Meal and Entertainment – NAAJA accepts that benefits should not be abused. However, any cap should be generous. In regional and remote areas like those in which we operate, meals and entertainment are expensive. We have staff that like to be able to take the family out for special occasions and this is a valuable benefit.**
- **Option 3.3 Employment declarations to avoid a single employee receiving benefits from multiple employers - In our industry it would be rare but the ramifications of a change, for us, is in the recruitment process. We allow new employees to utilise Fringe Benefit pro-rata to end FBT year. It is an extra incentive in our recruitment process. We believe that placing the onus of reporting previous employer's benefits could cause some ramifications for the employee come tax time. Thus, NAAJA cannot support any change if previous benefits need to be reported.**
- **Option 3.4 Aligning FBT Rate and FBT Rebate Rate – NAAJA does not oppose this change.**
- **Option 3.5 Aligning minor benefit exemption – NAAJA does not oppose this change.**
- **Option 3.6 Phase out FBT Concessions and replace with alternative Government funding – This option is strongly opposed unless funding is guaranteed. It could expose organisations like NAAJA to sudden reductions in their funding and leave thousands of clients without an appropriate service.**
- **Option 3.7 Phase out FBT and replace with tax-based support mechanisms – For NAAJA to support this, there would need to be a guarantee that it would not see a net reduction in the benefits that can be made available**

to staff. NAAJA is not presently convinced that equivalent benefits can be provided more effectively than through the FBT system.

- Option 3.8 Limit concessions to benefits that are incidental to employment. – NAAJA strongly opposes this change. It would have a significant impact upon our staff by reducing existing benefits and, accordingly, would greatly interfere with our ability to recruit and retain staff with the inadequate funding we receive.



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NAAJA

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