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Submission from Oxfam Australia to the Australian Treasury on Australia's future tax system taxation review.

Background

Oxfam Australia (OA) is an international development agency which also conducts some advocacy and campaign work within Australia. OA qualifies as a Public Benevolent Institution according to current taxation law. Under this current law, employees are able to take advantage of fringe benefits for non-profit organisations, known as salary packaging.

Oxfam Australia is the full owner of subsidiary Oxfam Australia Trading (OAT). OAT is the retail trading arm of OA. Through OAT, several retail outlets are run nation wide, selling goods procured through fair trade practices. The primary purpose of OAT is to support the livelihood of fair trade suppliers, promote the work of OA, and provide revenue to OA for spending on its development work. This is in line with OA's stated policies and principles. Any surplus generated by OAT is either reinvested or directed to OA development expenditure.

In the past year there have been some structural changes between the organisations so that the management of OAT is imbedded within OA. Management responsibility for the performance of OAT lies with the OA Executive Director. The CEO of OAT is a member of the OA Management team.

Issue identified

Under the current tax system, OAT employees do not have the same access to fringe benefits tax exemptions and salary packaging as OA staff.

Submission

We are making a submission because we believe it is equitable for staff of OAT to have the same access to fringe benefits that the staff of OA have. The basis of our argument is that the staff of OAT do not have access to the same level of benefits and opportunities as their counterparts in the retail sector, and access to the same salary packaging arrangements would help to mitigate this. Examples of benefits OA are unable to provide include commissions, bonuses, rewards, promotions, and retail training programs.

Further, our cost structures are different to those in other retail sectors and are especially impacted by the higher price of fair trade goods. This means OA is unable to offer market rates for management salaries and can offer fewer opportunities for career progression.

There is a significant amount of staff movement between OA and OAT. The absence of salary packaging for OAT staff has become an issue of equity of staff employment conditions, and can act as a deterrent for staff to move from OA to OAT. This limits our ability to retain staff and manage flexibility within the organisation as a whole.