

SCHEDULE 1 of the Tax Laws Amendment (2009 Budget measures No.1)

I would like to make a Public Submission in reference to the proposed changes of the Tax Laws.

I feel that this Legislation fails to take into account the conditions that some of the Australian citizens, working on an expatriate basis, experience. Nor does its projected savings take into account some of the likely occurrences which will, in fact, have a negative effect upon the economy.

Expatriate workers in the offshore oil industry, while well paid, live under severe conditions. They work a minimum of 84 hours a week, have little social facilities, often sub-standard food and, frequently, extensive travelling both in the air and on the ground. The standard working conditions for an expat in the oil industry is a 12 hour working day, seven days a week, for a four week rotational period.

They do this in order to maintain themselves, their property and their family. They also aim to be self-funded retirees.

While working overseas the worker derives no benefit from the tax being paid, but it should also be considered that they derive no benefit from other forms of tax, such as land tax, various rates, car registration, GST, sales tax, stamp duty etc all the time that they are overseas. They do, however, continue to pay these at the same rate as someone who resides full time in Australia and enjoys all the benefits that such payments provide.

The perception that such a change in the legislation will provide the savings projected in the document is flawed – it assumes that all the people currently employed in the Oil & Gas industry etc will just pay the additional tax. As a person who works in this industry, with many Australian citizens, I can assure that the general consensus is that the majority will simply move overseas permanently.

This will mean that, not only will the Government lose the income derived from the projected new tax, they will also lose that from the existing taxes (direct and indirect) derived from the items previously mentioned in the previous paragraph.

I don't believe it takes into account the amount of tax being paid in foreign countries either, in South East Asia in particular, where the rates of tax can be up to 35%. This means the difference in tax rates that the Australian Government would accrue is not that substantial, but what is a small amount of money to them can be a substantial amount to an expat worker.

The only other alternative would be for the expat Oil & Gas workers to return to Australia and work in the industry locally. This is not really a viable option as the industry in Australia could not support the number of returning workers, in this case. This could mean an increase in unemployment.

In conclusion, the proposed Legislation would be, in my opinion, a retrograde step which will result in many Australian citizens, currently resident in Australia for almost half the year, moving overseas and thereby depriving the Government of monies, rather than contributing the sums projected,

Yours faithfully

George Nims