

12 June 2009

**Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600**

To Whom It May Concern:

RE: Changes to Foreign Exempt Income

Are hard working, successful Australians now just the victims of Tall Poppy Syndrome in their own country?

I am writing to express my disappointment in the Australian Government and to oppose the new tax measures targeting Australians working overseas. I am the wife of an Australian expat working in the mining industry in Laos and this new reform will devastate our young family. My husband and many of the colleagues he is working with are not on extravagant salary packages but exemption from Australian tax justified the time away from their families. We have studied and worked hard to provide a foundation for our family and we are now being punished for our efforts.

I believe this ruling is not only catastrophic for my family but will also have adverse consequences for Australia. Abolishing most foreign exempt income will:

- **Reduce the money spent in Australia** – most of the expat community we know are considering relocating outside Australia as a result of this rule. Currently, expats return to Australia on breaks and spend their money. They also have families in Australia buying groceries, sending their kids to school, paying mortgages etc;
- **Reduce Australia's marketability within the international field** - Many large Australian consulting firms associated with the mining industry are attractive to companies world-wide because of their expertise. Whilst Australia itself provides a wealth of knowledge, the expertise of Australians who have completed an expatriate stint within their careers provides a competitive edge for these consulting firms;
- **Increase unemployment** – the mining industry, like many other industries, is experiencing a down turn and many sites are closing or reducing production. As a result, many experienced personnel are currently seeking roles. This new tax rule makes it almost impossible for someone like my husband to work overseas however there are currently not enough roles within the mining sector to cater for all the expats as well.....this will inevitably affect the unemployment figures.

The thing that upsets me the most about this situation is that we had no warning. In 6 weeks time my husband's income is set to significantly decrease. We never expected that the Government could or would allow this to happen to Australian families and we are experiencing undeserving stress as a result. Even if income taxes rise it is usually marginal and the current lifestyle is generally still attainable. So how is it justified to cut a family's wage by a third or more practically overnight?

I urge you to reconsider the tax reform for Australians working overseas in the interests of both families like us and the nation as a whole.

Yours sincerely,

Sharon Arena