

I am writing to you to express my concerns regarding the proposed tax law changes to section 23AG.

I am currently working overseas in Kazakhstan, and have a Private Ruling from the ATO stating that I am exempt from Australian tax on my overseas earnings. This has been the case for several years now.

The contract that I have with my employer is fixed. There is no facility to renegotiate my salary, and given the current World economic situation, I am quite frankly grateful that I still have this job. However, with the proposed changes I will be faced with a 30-35% reduction of my net income.

I did not take the decision to work overseas lightly, and this region of Kazakhstan has its own particular set of challenges. I hold a fly-in / fly-out position on an oil refinery, working 12hrs per day, 7 days per week, for 28 days at a time. I then have 28 days off work, less my travelling time.

Travelling to work involves a 5hr flight from Perth to Singapore, a 13hr flight to Amsterdam, and another 5hr flight to Atyrau in Kazakhstan. We then endure a 4hr train journey, followed by a 1.5hr bus ride to the refinery camp. This site is remote, to say the least.

The accommodation on the camp is basic. The food is barely edible, and the weather conditions are atrocious. Temperatures swing from -45degC in the Northern Winter, to +40degC in the Summer. Travelling from Perth in January means a temperature swing of 80degC. I am no stranger to the common cold.

Contrary to popular tabloid reports, just because I work overseas, it does not automatically follow that I am a wealthy fat-cat, rorting the system. I am however, a reasonably well educated, hardworking, highly motivated person that is simply trying to provide a better future for myself and my family. Short of winning the lottery, the only way in which I can do that, is to apply myself in the best way that I know how. Which means enduring all of the above, and working overseas to provide the financial support to enable my family to live and study in a secure and happy environment. As a parent, that's all any of us wants.

I will not try and mislead you, my salary is fairly good. However, a reduction of this magnitude will render it only slightly more favourable than what can be earned back in Perth. Add-in the time spent away from my family, and the equation starts to lean more in favour of a return to working at home.

My partner Lynette is a full time mature student, studying second year Law at Notre Dame. We have a 19 year old daughter, also at university, studying second year Law at UWA, and two other teenage children of high school age. A 35% cut in salary may mean that our mortgage becomes untenable. It will almost certainly mean that Lynette will have to discontinue her studies and return to full time employment, thus de-railing her educational/professional goals for the foreseeable future.

Given that house prices in Perth have dropped significantly in the last year, we could well have some difficulty downsizing to a more manageable mortgage.

In case you are not aware, Perth is in the middle of an engineering crisis at the moment. Woodside, like many companies, has cut salaries by 10-15%. Other companies such as WorleyParsons have done the same, but are also having to retrench both their staff and contract employees. The mining industry is in

decline, and Oil & Gas is not far behind. Jobs in engineering are not in ready supply at the moment, so a return to working in Perth is not a viable option for me at this time.

If this draft proposal goes ahead in July, I will be left in a position where I am working away from home, with no discernable financial advantage, and no option to return to employment in Perth.

I am realistic enough to know that this present government will not relinquish the opportunity to squeeze a new source of revenue for all it's worth. However I would like to propose that the suggested changes be deferred to July 2010, so that the many overseas workers in the same position as myself have time to restructure their finances to suit the new rules, and/or return to full time employment in Australia.

If I could relocate overseas entirely, I probably would. However, with my family commitments in Perth, this option is not available to me.

Ultimately when the new rules do come into effect I'm sure that I shall be forced to return to Australia to work. Instead of bringing my foreign earnings into Australia to spend, I shall be competing with other Australians for the few jobs left available in our industry. My presence will no doubt be depriving another Australian of gainful employment, thus increasing the burden on the welfare state system.

With a glut of Engineers returning to work in Australia, the employers will no doubt see fit to lower their rate of pay, as they will be able to 'shop around', and the ATO will see another drop in revenue.

In short, there will be no additional taxes going into the ATO coffers, and the Australian economy will actually be worse off with the omission of my foreign income.

I firmly believe that this is an ill-advised change to the current tax system.

Many thanks for your kind attention.

Kind regards,

**Steve Harris**

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