

Mrs. Kristen Cousins

7th June 2009

Committee Secretary
Senate Economics Committee

Dear Sir/Madam

Regarding the Tax Laws Amendment (2009 Budget Measures No 1) Bill 2009. (23AG).

It is my understanding that following the budget announcement on the 12th of May 2009 the Australian Labor Party has decided to amend section 23AG of the Income Tax Assessment Act 1936, and target Australian income tax exemption available to Australians working overseas. Presently section 23 AG, provides an income tax exemption for Australians residents' foreign earnings, derived from Foreign Service employment. The government then intends to "equalize tax", and to do this will propose to bring in foreign tax credits to those who earn foreign income.

On speaking with our accountant, the advice we have received re these proposed changes is that this is to cease FOR ALL FOREIGN INCOME EARNING Australian citizens on July 1st, and ONLY those Australian citizens who are aid workers or defense or police or specified government personnel will be able to utilize section 23AG. In essence, section 23AG is to be 'ripped up' and re written for all, except for those whose job descriptions is specified.

My husband is employed in the oil and gas industry, and together with mining experience has been working in that industry for 15 years. Prior to that, he was a farmer, and with the farm being sold in the early 1990's, he effectively became unemployed. At a time of then employment and uncertainty, we had to move interstate away from family support and friends to 'start again' and my husband had to retrain, all of which was completely self funded, and with a lot of hard work both physical and emotional. During these years he has worked rotations such as 10 weeks on, 1 off, 4 weeks on 1 off, over the years getting better to even time such as 14 days on/ 14 off; 21 days on/ 21 days off and 28 days on/28 days off, all over Australia and now overseas. If his 'back to back' is unable to or does not arrive, he is required to stay. The living condition's he works in and has lived in have been varied from caravans in station country to single rooms, camps with facilities, and he is currently sharing a room with 4 other men.

He is currently working many weeks straight, 12 to 13 hour days, no days off, no sick leave, no union support, even though he remains a paid member currently, very basic medical support, with the closest hospital and western standard of care being 10 hours flying time and learning a new language to enable better communication with the multi cultural team within which he

works. This he does entirely for his family. We have 3 children, which I bring up as a solo parent, with no family support at all in the state where we live and we have maintained a good partnership. I continue to work study and maintain my health professional skills. I believe this has multiple benefits for the Australian economy, and I consider us to be one of the Prime Minister's "working families".

The proposed changes will bring with them a number of issues worth considering in my opinion.

1. Those earning foreign income already pay tax in the country where they work. The revenue that the government intends to collect through foreign tax credits will be small compared to the 'big picture' losses that may and will occur. The losses being that the incentive to work overseas will be negated, therefore many men working overseas will simply find it not worth doing, therefore either return to try to find employment within Australia, therefore putting someone else out of work and increasing unemployment within the industry, already reeling from many job losses.
2. The Australian economy, benefits with the worker's returning to live in Australia. The proposed changes may cause a major review of where the men and their families live. This is a very real possibility considering that it would allow us as a family to have extra time with my husband that I currently lose living in Australia. Many of the partners of fly in/fly out workers living in Australia are displaced from their family of origin anyway; especially in Western Australia, so the internal resilience of fly in/ fly out (FIFO) families and our capacity to move and reside overseas is real.
3. There needs to be a realistic look at the exemption criteria. If the government intends to use hardship as one of the criteria, I believe that workers in the oil and gas and mining industry would be well placed to fit the exemption criteria, as described above with our current situation. FIFO families do not have access to strategic governmental support systems, which aids in support for our families and like defense force families, can have limited support systems, in the state where they live. I draw your attention to a study done in Western Australia: Managing the parenting transitions. Summary and Key findings www.ngafa.com.au/docs/FIFO%20Executive%20Summary.pdf

Full Report. "Aeroplanes always come back". Fly in Fly out employment. Managing the transitions. www.ngafa.com.au/docs/Fly%20In%20Fly%20Out%20Report.pdf

For a comparative look regarding defense force personnel and FIFO families' lives Family relationship Services Australia's website is

www.frsa.org.au/site/Families%20Going%20the%20Distance.php

4. It is farcical to employ foreign workers in Australia, give those people incentives and Australian tax payer training and benefits, part of which then enables them to support their extended families overseas. Then, at the same time, propose to make Australia an unattractive place for those Australian citizens working overseas and living in Australia, as the incentives to work overseas and live in Australia are negated by the current proposal.
5. The potential of people like my husband who work collaboratively with many multi national organizations and within a multi cultural environment overseas should be encouraged by the government, not penalized. It is a cost effective way to boost the Australian economy not only by injecting foreign income back into Australia, but also enhancing Australia's international reputation.

I ask that you vote against any changes to the Tax Laws Amendment (2009 Budget Measures No 1) Bill 2009 (23AG), and ask you to please consider other means to enable Australian citizens to remain living in Australia whilst working overseas. I also ask you to consider that those working in the oil and gas and mining industries remain within the exemption criteria.

I am looking forward to your response on this matter.

Yours faithfully,

Kristen Cousins. RN. RM.