

Manager  
Philanthropy & Exemptions Unit  
Personal and Retirement & Income Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Tuesday, 31 January 2012

**Re: Proposed Changes to LAFHA**

To whom it may concern:

I would like to express my disappointment and opposition to the proposed changes to LAFHA. I have lived and worked in Australia since July '10 and generally think Australia has much to offer and generally progressive but the reforms outlined are stupid, short-sighted and detrimental to the entire economy. Although I personally currently receive LAFHA my views would still be the same if this weren't the case. I am a 457 Visa holder.

My issues are as follows: -

- Proposed changes are being pushed through so abruptly that do not allow for market adjustment and effective public and business consultation.
- One of the worst case of statistical abuse I have ever witnessed. Claiming in the last several years the amount of LAFHA has increased four-fold. That is because with increased pressure on skill shortages more professionals are coming from overseas and also wages have significantly increased over that period along with living costs.
- The Government are going to be increasing tax on a group of individuals that can't vote, if they think we can't see that they are presuming the general population is stupid. They want 457 holders to pay tax as though they were PR but receive none of the perks, absolute disgrace. At the moment the tax break is a substitute for expensive housing, childcare and medical costs
- Businesses will be crippled by increased Super contributions. Certain sectors are full of 457 Visa holders (good example would be digital media or recruitment). At the moment employers are only making contributions on gross less LAFHA wages. If the proposal goes ahead they will be making contributions on all employee's gross salary. This is good in the sense that temporary residents will receive more Super, but if you are temporary resident you are probably less interested in working on your Australian retirement fund if a) you're not planning on staying and b) you can't suddenly pay your rent and living costs?!?!
- This is bad news for Australia and the economy, guaranteed. Temporary Residents aren't sending \$ back home, they are pumping it back into the economy supporting retailers and hospitality businesses and paying for over-inflated rentals. With LAFHA gone and in real terms rents being 40% more people will drastically change their lifestyles, or worse, go home hating Australia for their short-sighted stupidity. I feel sorry for families that have uprooted and come over here, with healthcare, childcare and other expenses who will be significantly worse off come July... This is a complete kick in the face for families.
- Recruiting. In an already rife skills shortage crisis you will be placing a huge brick wall in the way for businesses needing experienced and skilled professionals from overseas. Those professionals are progressive enough to go to other emerging markets in Asia, and they will.
- Proportionate response. Just because a few individuals abuse the system it has to be removed for all?!?! Why not police/audit it better? Why not say future 457 approvals will

not be eligible for LAFHA? Why not utilise even a small degree of common sense with policy making?

Which idiot thought up these changes? Who wins? The economy will suffer, getting skilled professionals from overseas will be crippled, businesses suffer (less money to spend in local area) and employers suffer (higher super). People who currently receive LAFHA definitely suffer! I hope if this goes ahead people unite and demonstrate their views by leaving Australia, the majority that can't afford to continue their existing living arrangements will leave because they have to! If it is solely a stealth tax on a group of individual's that can't vote anyway you will make it loud and clear how you value their important contributions to the economy and society and I have a feeling it will back fire terribly on the Government. Classic case of too many chief's, not enough Indians. Get out and police it better, not have some foolish pen-pusher at the top make one of the worst reforms I have ever seen a reality.

There are several good reasons above to rethink the proposed changes. I am not anti-reform, but it needs to be carefully thought out, any changes need to be sustainably implemented and it has to be beneficial for the broader economy.

Greatly disappointed,

Mr Doug Kelsall

67 Greens Road  
Paddington  
NSW 2021