

3 February 2012

Manager

Philanthropy & Exemptions Unit

Personal and Retirement & Income Division

The Treasury

Langton Crescent

PARKES ACT 2600

To Whom It May Concern,

It is disheartening to read through the Consultation Paper on FBT Reform and observe glaring gaps in addressing the complete picture.

I came to Australia on a 457 Visa to work in the medical device industry. Not only does LAFHA make up a substantial portion of my salary in an attempt to close the gap on the cost of living in Sydney when compared to my home state in the United States, it also closes the significant gap in benefits that I am not eligible for here in Australia.

For starters, my wife gave birth in June of 2011, as neither of us are residents we are not eligible for the Child Care Benefit nor were we eligible for Medicare. As you probably know, the cost of childcare in Sydney is adjusting in July to \$145/day in some centers totaling \$725/wk. Currently the cost for us is \$550/wk, an increase by \$175/wk is a sizeable 25% adjustment – keep in mind that our care center will be not obliged to inform us of increases until 1 month prior to the increase.

In addition, private health insurance for visitors when compared to residents is also more expensive, nearly double in most cases. My employer reimburses a portion of those funds, and for the large majority of residents, this amount would provide paid health insurance. For me and my family, this only covers a portion of the total insurance.

Furthermore, I pay taxes on the portion of my salary that is outside LAFHA, including the Medicare Levy at this particular time. I hope that the Medicare Levy will be waved, but as of the time writing this letter that is not the case.

I am not against a level playing field, I pay my taxes, I pay my toll fees, I pay my rent on time. It seems that at a minimum, the reforms should be effective 1 July 2012 on new contracts, this would allow those who came to Australia to continue with their current way of life, prepare for the changes ahead, and

make plans to be permanent residents if appropriate to allow them the access to benefits not currently available to temporary residents, ultimately leveling the playing field and eliminating the gap.

I'm sure the "leveling" of the field will have unknown consequences and certainly other businesses will be affected. For example, I don't imagine the insurance companies will appreciate the reduced profits due to a 50% decrease in profits as the temporary residents are paying what a permanent resident pays. I don't imagine that the government be so keen to suddenly increase the Child Care Benefit for all the new permanent residents, nor do I imagine that the Medicare system is ready to accommodate the increase in permanent residents having access to that system.

I hope that all aspects have been considered when reaching a conclusion that the FBT reform must be retroactive to existing temporary residents.

Thank you for your consideration.

Sincerely,

Lucas Michael

7 / 68-72 Brook Street

Coogee, NSW 2034