

Dear Sir/Madam,

I am sure you will already have heard these arguments from others, however I must add my voice regarding the reforms mentions on the Treasury

website: <http://www.treasury.gov.au/contentitem.asp?NavId=037&ContentID=2235>

I would wish to point out some of the possible effects it may have should it be enforced. Please see the attached image which is the result of a short survey via the LinkedIn website. The point is that if LAFHA did not assist foreign migrants offset the additional costs imposed upon them such as increased health insurance and school fees, 80% in this survey would have either negotiated more pay or not have accepted a post in Australia at all, making it more difficult for businesses to attract the foreign talent that often does not exist locally. Granted this survey is very small since it has only been running for just over a day. However it does give a clue to the sentiment out there.

I am a migrant from the UK, and I can assure you that my company is desperate for the kind of experience and talent I offer. My skills are unique to a few dozen people globally, and I am presently the only person in Australia with my skillset making me extremely valuable to my company, and indirectly more than a dozen other partners and hence the local economy.

The main objection I have is that imposing the proposal retrospectively is unfair to 457 visa holders who are already here. I understand your concern that LAFHA has perhaps the unintentional consequence of being an incentive, however it is still a legal one and has an effect on the ability of businesses to import necessary skilled workers. Should the proposal apply to only new arrivals, this would at least offer those new arrivals the chance to negotiate alternate remunerations that adequately reflect the extremely high cost of living in Australia, particularly Sydney.

On the whole though, I think the proposals would be damaging to the economy on the whole. It is my opinion that the money saved would be lost indirectly in the broader economy due to businesses delivering fewer services because they lack the skilled people they needed to import, or could only import fewer, or delayed importing due to higher wage costs demanded by new immigrants. This may translate into an otherwise reduced tax revenue.

Regards  
Karl

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