



28 May 2012

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

Dear Sir/Madam

Subject: Fringe Benefits Tax (FBT) Reform: Living-away-from-home benefits

On 31 January 2012, URS Australia Pty Ltd submitted a response to the proposed FBT Reform: LAFH Benefits (copy attached).

We have now read the draft legislation with both disappointment and concern about the potential impact of the proposed reforms on the affected employees, our business operations and the future of the mining, resources and infrastructure sectors of the Australian economy.

We take this further opportunity to briefly reiterate our concerns:

- Our temporary resident employees made decisions to work temporarily in Australia on the basis of existing information, which included the availability of LAFHA. They made housing and schooling decisions upon arrival in Australia on the basis of the conditions applying to the LAFH benefit. Since the proposed reforms were announced in November 2011, many have expressed their concerns about the impact on their financial status, with many considering returning to their home location.
- It is not economically viable for URS and many similar companies to compensate temporary resident employees for the loss of the LAFH benefit as the increased costs cannot be passed on to clients until contracts are re-negotiated.

In these circumstances we strongly urge the government to consider, as a minimum, providing transitional arrangements for existing LAFHA recipients to enable those with long term commitments such as housing leases to remain in Australia for the full term of their employment contract.

- In a broader sense, the proposed abolition of the LAFH benefit would appear to be completely counterproductive to other measures the government is taking to attract highly skilled workers to Australia. Our industry sector already has extreme difficulty in attracting the highly skilled professionals it requires to service the mining, resources and infrastructure sectors. The situation will deteriorate further with the loss of current temporary workers and the reduced attractiveness of Australia as a destination for such skilled professionals. Australia will find it harder to compete internationally for labour and subsequent investment in future resource projects.

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For these reasons, we urge the government to consider alternatives such as:

- o Providing LAFH Benefits for employees under an indexed annual salary amount or for a capped period such as 2 years;
- o Providing LAFH Benefits for temporary resident workers who are maintaining a home in their home country for family reasons;
- o Providing reasonable accommodation benefits similar to the current food component.

We trust that our views will be taken into account by the government in preparing the final draft legislation to be introduced to parliament.

Yours sincerely

URS Australia Pty Ltd



Jeffrey Smith
Director of Operations, Australia
Regional Manager, Vic/Tas