

Dear Sir/Madam:

Re: consultation of the LAFHA reform

I have reviewed your proposal in full and whilst I appreciate the philosophy behind it I would like to draw your attention to other ways of keeping LAFHA in place and earn tax for the government at the same time.

Rather than restricting LAFHA only to a) interstate people and b) FIFO workers and excluding those who have left their lives behind in the country of their residency prior to Australia, you could restrict the amount that can be paid in LAFHA or put an index for it in the same way ATO has done for food allowance as a part of LAFHA.

To explore, in order to INCLUDE those who for example stay in Perth and work in Perth in the LAFHA process you could:

- a) Cap the amount of LAFHA to (for example) one third of total salary and upto (for example) \$30,000 for singles, \$40,000 for a couple, \$45,000 for a couple and a child and so on. ATO is using the same index and categorisation for food allowance as a part of LAFHA so why not you?

I am sure your intention within this proposal is to reduce and eliminate the mis-usage of LAFHA for certain group of people who abuse the system and put lots of their salaries as LAFHA. But people who have left their lives back in another country and came to Australia to help the Australian economy especially with their skill shortage in the resources sector and are honest in their salaries and tax matters shall NOT be punished as a result of this new proposal.

In addition, with the new proposal you encourage workers to do more FIFO rather than residential as in residential they will be losing LAFHA. Doing FIFO has had and will have its own negative psychological and sociological effects on the families and local communities which in other ways it comes back to the government and you may end up paying for it in one way or another.

So, my recommendation would be:

- a) NOT to exclude people who are residential, ie. Work and live in Perth and are from overseas....they incur the same expenses if not more as those who do FIFO...Australia is a fair society, let's keep it this way.
- b) To avoid employers to give lots of money as LAFHA to employees, put a cap on the amount that can be paid as LAFHA either based on their salaries or the number of people in the family. For example:
  - a. Cap based on salary:
    - For salary between 80 and 100K...LAFHA can be upto 20k
    - For salary between 100 and 130 k...LAFHA can be upto 30k
  - b. Cap based on total number of people in a family:
    - For a single LAFHA can be upto 30% of their salary and no more than 30k (the principal behind it is that a single person usually occupies a flat or a two bedroom house which cost \$\$\$/month plus food allowance that ATO has already published.)

For a couple LAFHA can be upto 40% of their salary and upto 40k (again the principal is that you estimate what sort of accommodation a couple requires and how much their food costs as per ATO instruction and cap the total amount of LAFHA to that figure).

So my message is simple:

- a) Australia is a fair society and let's keep it that way. Do NOT exclude part of workers in favour of the others. Interstates, FIFO and residential workers should get the same treatment.
- b) CAP the total LAFHA that can be paid based on salary or number of people in a family. People who reside in, let say, Perth and work in Perth has the same expenses if not more as those who keep a place in Perth and work in Karratha.

Thanks for your attention.

Let's be fair to all.

Regards

Dr Nima Sepand