

Vivek Ganesh
Mr. Wayne Swan
Treasurer
Canberra

Dear Mr. Swan

I am writing to you in regard to the tax measure announced recently in relation to tax equalisation for Australians working overseas. I along with many of my colleagues are directly impacted by this tax measure and the impact is very significant. Let me provide you a brief background of my situation. I am currently working in New Caledonia for a multinational mining company called Vale through their Australian subsidiary. I have been in the current role for nearly one year and based on current tax arrangements I am only taxed in New Caledonia and exempt from Australian tax. This of course you are now proposing to change. Putting it simply this equates to about a drop of 30% in my take home salary. **A 30% pay cut!** I, like my colleagues, are the aspiring middle class of Australia. A large part of the attraction to work on this job was the tax advantage and the remuneration I currently receive reflected that. Now in the middle of my existing contract the game is changing.

Let me first take this opportunity to explain why I believe that this measure is a regressive one. Australians working overseas are highly qualified and skilled people bringing in export dollars. Many people work for Australian companies or companies domiciled in Australia hence bringing in revenues for these companies that are anyway taxed in Australia. Australian professionals working overseas are highly respected and sought after hence enhancing the reputation of Australian consulting businesses. In the engineering field (my area of expertise) many large Australian businesses have prospered in recent times that have benefited from the experience, expertise and networking from professionals based overseas. Some examples of such businesses are Worley Parsons, Leighton, Transfield, Clough etc. Australians working overseas in short to mid term contracts should not be viewed as brain drain. The truth is that people such as myself are creating opportunities within Australia both through tangible outcomes by providing local businesses with orders for spares and services and through intangible measures by spending our hard earned income in Australia, by paying Australian mortgages, by bringing up families in Australia.

The tax measure proposed will make Australians uncompetitive overseas and these positions will be displaced by professionals from emerging economies. While this trend is already happening due to globalization, it surely doesn't need to be accelerated due to measures proposed in the budget. I do understand the difficult times that we all are facing in the current global financial crises and the unenviable task you have of balancing the budget in these circumstances. But the measure being proposed is an inequitable response – a 30% pay cut is simply not fair. The views I have expressed are shared by many of my colleagues. We are simple minded middle class people with neither the resources nor the savvy of the top end to lobby for our interests as has been the case for the employee share scheme. We just ask that you reconsider this tax measure with just one ethos - fairness. I look forward to a favourable outcome.

Mr. Wayne Swan
June 5, 2009
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Yours Sincerely,

Vivek Ganesh