

New LAFHA laws bad news for resource industry

CHANGES to taxation law that passed through parliament this week spell bad news for resource industry employers' efforts to attract and retain skilled professionals from overseas and interstate, says AMMA.

According to the resource industry employer group, the Tax Laws Amendment (2012 Measures No 4) Bill 2012, which has now passed through both houses of parliament, will massively reduce the number of workers who are eligible to receive the Living Away From Home Allowance (LAFHA).

"The resource industry has no issue with the government's intention to eradicate the misuse of LAFHA. These changes however, will limit the industry's access to skilled workers as well as slapping employers with additional costs and discouraging regional investment," says AMMA chief executive Steve Knott.

"These LAFHA changes provide an unexpected shock to major resource projects that have had up to 10 year lead-times and were banking on stable taxation regimes.

"Notice of such fundamental changes to this type of taxation policy should be at least four to five years to provide investment certainty. These changes were however, introduced without consultation with industry and without a sufficient lead-in time."

Specifically, the amendments will:

- Restrict access to LAFHA to a period of just 12 months for eligible employees at any one location. This is a major issue given resource projects run for at least several years.
- Make eligibility contingent on a worker maintaining a separate home in Australia which they are living away from for work. This rules out most skilled migrants who currently receive the allowance as they will be unlikely to maintain an extra home in Australia for their private use; and
- Require eligible workers to substantiate their expenditure on food and accommodation, contrary to how the system currently operates.

"The immediate effect would be a reduction in the take-home pay of many employees whose contracts require them to work away from home, despite the fact they would still be working under the same employment contract," Mr Knott says.

"Employers will now be faced with having to consider topping up employees' pay in order to remain attractive to both domestic and overseas talent.

"These reforms will also impact the ability of resource employers to attract domestic workers to regional areas where many of Australia's largest projects are run."

AMMA raised these concerns in its [submission](#) to the House of Reps Inquiry into the Bill.

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These LAFHA changes will be discussed by the experts at AMMA's East Coast Conference in Brisbane on 11 October 2012. [Click here](#) for details or email events@amma.org.au.