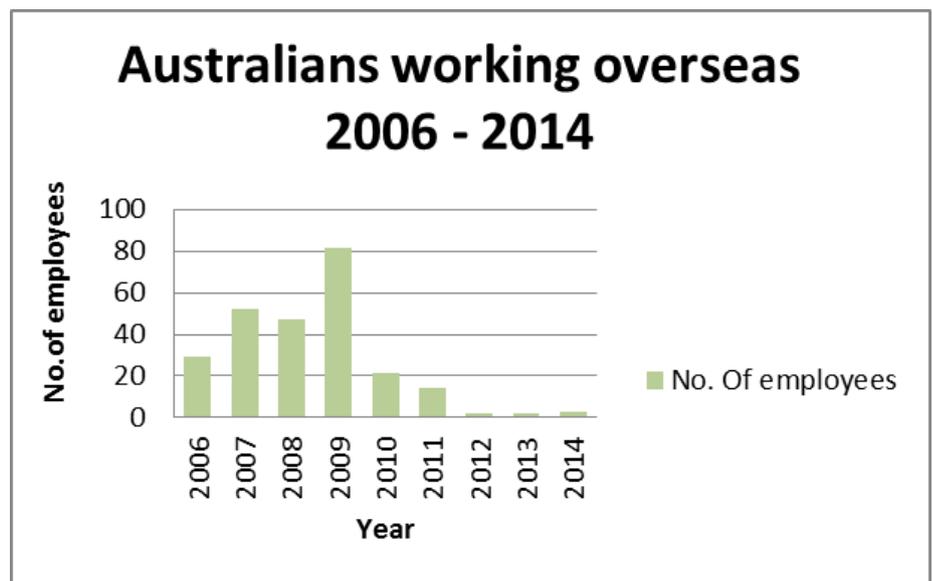




The Case for Reviewing Australian Taxation of Expatriate Mining Industry Employees Deployed to Africa to Improve International Competitiveness

Late last year, AAMEG, together with PwC representatives, attended a meeting with Treasury officials to discuss our submission regarding the declining competitiveness of the Australian mining industry in relation to changes to tax exemptions (previously Section 23AG of the Tax Act) in July 2009, coupled with changes to the Living-Away-From-Home FBT rules in October 2012. Our submission highlighted the negative effect these changes have on the ability and willingness of Australian businesses to hire Australians for their overseas projects.



An example from one AAMEG member company highlighting the issue.

Section 23AG, as well as protecting Australian overseas workers from double-taxation, provided a distinct competitive edge for Australians exporting their labour. In particular, it assisted Australian companies to work and invest overseas and contributed to the strong growth in Australian mining activity overseas during the post-2000 boom, including in Africa.

Since implementing the above changes, the number of Australians employed overseas has dropped dramatically and it is now more cost-

effective to hire employees from other countries. Furthermore, these changes have created a compliance burden on Australian business.

Research to inform our submission, (aided by Globe 24-7, an international human resources consulting firm) has reflected our expectations, showing that Australian workers in Africa are still paid at a premium, compared to other nationals. The overall expatriate workforce is also declining rapidly, with Australian total participation down 20%. Conversely South African participation up 50% over the past two years.

AAMEG have been successful in securing a number of meetings with Treasury on this matter and will continue to actively work with our members to keep this issue on the agenda with the Government. The success of our continued efforts is dependent on support from AAMEG members. We encourage affected members to contact us to share any practical insights on how these changes have affected your business.

The Australia-Africa Minerals & Energy Group (AAMEG) is the peak body representing Australian companies engaged in the development of Africa's resource industry.

Visit www.aameg.org for more details