



Australian Government
Department of Immigration and Citizenship

3 August 2012

Mr Stephen Boyd
Secretary
House of Representatives Standing Committee on Economics
Parliament House
Canberra, ACT 2600

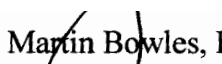
Dear Mr Boyd

REVIEW OF TAX LAWS AMENDMENT (2012 MEASURES NO. 4) BILL 2012

I refer to your correspondence of 2 August 2012 which provided questions on notice from the House of Representatives Standing Committee on Economics concerning the aforementioned Bill. I am pleased to respond to the Committee's request, and enclose responses to those questions for which a response from the Department of Immigration and Citizenship was requested.

Should you require any further information, please contact my office on 02 6264 1744.

Yours sincerely


Martin Bowles, PSM

QUESTIONS ON NOTICE

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS:
2 August 2012**

**REFERENCE: REVIEW OF TAX LAWS AMENDMENT (2012 MEASURES NO.4)
BILL 2012**

Written question: 19

Was the Department consulted by Treasury or the ATO in relation to the proposed changes to the LAFHA prior to the announcement? When was that? If not, did the Department provide information to Treasury or the ATO since the announcement? When was that?

Answer

Eligibility and taxation matters relating to LAFHA are the responsibility of the ATO and the Treasury, and the Department of Immigration and Citizenship was not consulted on the proposed changes prior to the announcement.

At the request of the ATO, the Department provided data to the ATO on 27 October 2011 to inform the proposed changes to the LAFHA.

Written question: 20

Does the department anticipate that the measures will have a negative impact on the number of 457 visa applications and grants (ie does it expect that the numbers of applications and grants will go down)? If not, why not?

Answer

Based on visa application and grant trends since the announcement of the changes to the tax treatment of living-away-from-home allowances and benefits, the Department does not anticipate a significant impact on the volume of 457 visa applications and grants. The 457 visa program is a demand driven program used by employers to fill vacancies that cannot be filled from Australia's labour market, and as such skills shortages and labour market conditions are the primary determinant of growth within the 457 program.

Written question: 21

Has the department done forward projections of how many 457 visa grants are anticipated over the forward estimates? What are those projections?

Answer

The Department does not attempt to forecast 457 visa grant levels, except in the context of Net Overseas Migration forecasting, which only includes offshore 457 visa grants. This is because demand within the 457 program can change depending on a number of factors, such as labour market conditions and changes to policy settings, which make it difficult to predict future trends.

Written question: 22

How many 457 visa holders have left Australia since May 2012? How many have attributed that to the changes to the LAFHA?

Answer

Over the period 1 June 2012 to 31 July 2012, there were 28 771* temporary and permanent departure movements recorded by principal 457 visa holders. The Department has no information on whether any of these departure movements may be attributed to changes to the tax treatment of living-away-from-home allowances and benefits.

** this figure is based on provisional movement database data and may vary from the final figure which is expected to be available from the Australian Bureau of Statistics on 4 September 2012.*

Written question: 23

Has there been a drop in 457 applications since May 2012? What are the latest figures? How does this correspond to the same period last year?

Answer

There has not been a reduction in the volume of 457 applications since May 2012. Over the period 1 June 2012 to 31 July 2012 there were 13 671 subclass 457 primary visa applications lodged, compared to 11 426 over the same period in 2011.