

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20-21 November 2013

Question: **SBT 77-78**

Topic: **Living Away From Home Allowance**

Hansard Page: **pages 123-124 20 November 2013**

Senator RHIANNON asked:

77-78. Senator RHIANNON: The House of Representatives Standing Committee on Regional Australia inquiry report on fly-in, fly-out and drive-in, drive-out work practices in regional Australia highlighted how the government's living away from home allowance fringe benefits tax exemption policy provides incentives for companies to engage in FIFO practices. How much has this exemption cost Australian taxpayers? That is what I was after: how much revenue has been forgone? Could we have that for each of the past five years?

Mr Heferen: We will have to take that on notice.

Senator RHIANNON: Would you have any figures that you can share with us?

Mr Heferen: No.

Senator RHIANNON: What studies has the department conducted to evaluate the impact on local communities caused by this exemption favouring FIFO camps over normal residential housing?

Mr Heferen: Do you mean conducted by the Department of Infrastructure—

Senator RHIANNON: By yourselves—I can only ask you. I am just asking whether there has been any assessment on what this is doing in terms of local impacts and revenue raised. Considering this problem has been identified, are you looking at it?

Mr Heferen: When was that house committee report, Senator?

Senator RHIANNON: Last year.

Senator Sinodinos: The government of the day did not respond to it.

Senator RHIANNON: Inadequately—

Mr Heferen: Senator, I apologise, I am not aware of the report. It does sound like the report is focusing on the effects on regional communities of the policies—housing policy and mining companies and how they are facilitated by the living-away-from home allowance. The previous government over a few budgets, or maybe media updates, in a few separate circumstances tightened the access for LAFHA—

Senator RHIANNON: Tightened the access—

Mr Heferen: To the living-away-from-home allowance.

Senator RHIANNON: Can you just give me the figures on that, please.

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Mr Heferen: I would have to take it on notice. I guess the germane point about the effect on regional communities would not be something that we would do any work on. That would be something that our colleagues in what would now be the Department of Infrastructure and Regional Development with responsibility for regional services, I suspect, would take the lead on. But Mr Tilley may have some better information.

Mr Tilley: The parts of the recommendations of that report that came to us in Treasury were a couple of recommendations with regard to fringe benefits tax, and we would take the lead on those. But the rest of the report was not something we are taking the lead on.

Senator RHIANNON: So when you say you 'take the lead on' that, can you say what that means and what you are doing?

Mr Tilley: In terms of advising the government or providing an input into a response to the report, the fringe benefits tax ones are the ones that would be of direct relevance to us.

Senator RHIANNON: And did you do that? And, if so, what was it please.

Mr Tilley: I do not think that a response has been provided to that report.

Senator RHIANNON: In the first instance, did you give advice that did not go public, or do you mean that you did not even provide advice?

Mr Tilley: I do not recall where exactly the process was up to at the time of the election. We could take that on notice.

Senator RHIANNON: You can take that on notice. Thank you.

Answer:

77-78. Changes to the fringe benefits tax treatment of living-away-from-home allowances and benefits were made in the 2011-12 Mid-Year Economic and Fiscal Outlook, the 2012-13 Budget and the 2012-13 Mid-Year Economic and Fiscal Outlook. Descriptions and costings for these changes can be found on page 163 of the 2011-12 Mid-Year Economic and Fiscal Outlook, pages 24-25 of Budget Paper No. 2 of the 2012-13 Budget, and page 170 of the 2012-13 Mid-Year Economic and Fiscal Outlook.

The Department of the Treasury provided input to the Department of Regional Australia, Local Government, Arts and Sport for a Government response to the House of Representatives Standing Committee on Regional Australia report *Cancer of the Bush or Salvation For Our Cities: Fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia*. However the former Government did not respond to the Standing Committee report.