

QUESTION TAKEN ON NOTICE

SUPPLEMENTARY BUDGET ESTIMATES HEARING: 19 OCTOBER 2010

IMMIGRATION AND CITIZENSHIP PORTFOLIO

(357) Program 1.1: Visa and Migration

Senator Cash asked:

Retirement Visa (410)

(1) The original end date for the Department's contract for the report from the AGA (Contract Note 193208) was 1 December 2009.

(a) What were the costs estimated to be in the preliminary AGA report?

(b) Was any additional tax revenue estimated in the preliminary report?

(2) The contract was subsequently amended in June 2010 for an extra \$13,000.

(a) What is the new revised end date for the final report?

(b) What additional work from the AGA will the \$13,000 amendment to the contract involve?

Answer:

The Australian Government Actuary (AGA) was approached late in 2007 about the possibility of developing a model of the potential direct costs to the Commonwealth of granting permanent residence to holders of the Retirement (Subclass 410) visa as an adjunct to the Calculation of the Contributory Parent Visa Composite Index (CPVCI) for 2007-08.

In July 2008 the AGA was asked to further develop this model. Initially it was anticipated that this work would be completed by 1 December 2009.

An extension to 30 June 2010 was later arranged to facilitate discussions with the British Expat Retirees In Australia (BERIA), consideration of their views and incorporation of any amendments arising as a result.

Following this process the Department has given consideration to the resulting draft report and whether further work should be undertaken to incorporate additional factors including actual time spent onshore (as a predictor of intention/commitment to live in Australia) into the costing model.

A decision has, however, been taken to finalise and release the AGA report without incorporating additional factors into the model. As the AGA has since been asked to update the analysis and associated report to incorporate data as at 30 June 2010 a further extension to 31 December 2010 is therefore being arranged.

- (1)(a) To date, all reports provided to the Department by the AGA have been drafts and subject to the following disclaimer “This draft report is provisional, provided for discussion purposes only and does not constitute Actuarial Advice upon which to base decisions.”

As such, the content has been analysed, tested, debated and amended as appropriate. The Department is therefore of the view that it would be inappropriate to disclose the costs estimated in earlier draft reports as they have since been improved upon.

- (b) Due to the difficulties inherent in calculating an accurate estimate of potential additional taxation revenue, this item has not been quantified in any of the draft AGA reports regarding the potential direct costs to the Commonwealth of granting permanent residence to holders of the Retirement (Subclass 410) visa.

- (2)(a) Currently the contract is in the process of being extended to 31 December 2010.

- (b) An extension to 30 June 2010 at an additional cost of \$13 000 was arranged to facilitate discussions with the British Expat Retirees In Australia , consideration of their views and incorporation of any amendments arising as a result.