

QUESTION TAKEN ON NOTICE

SUPPLEMENTARY BUDGET ESTIMATES HEARING: 15 October 2012

IMMIGRATION AND CITIZENSHIP PORTFOLIO

(SE12/0221) PROGRAM – 1.1: Visa and Migration

Senator Cash (written) asked:

Does the department anticipate that the number of 457 visa applications will drop as a result of the changes to the Living Away From Home Allowance which mean they will now be taxed on that? Has the Department undertaken any modeling on the effect on 457 Visa Applications resulting from the changes to the LAFHA? If yes, what was this modeling and what does it show? Has the department received any indication that 457 visa holders currently in Australia will suffer significant financial distress as a result of those changes?

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 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 in the 457 program.

The Department has not undertaken forecasting on the effect on 457 visa applications resulting from the changes to the LAFHA.

The Department has received two representations, one from a current 457 visa holder and one from a 457 sponsor, expressing concerns of financial distress due to changes to the Living Away From Home Allowance.