

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Question: aet 20

Topic: Take-up of First Home Saver Accounts at Low Income levels

Hansard Page: E12 – E13

Senator PAYNE asked:

Senator PAYNE—.....You have just helpfully referred to the consultation process. In terms of establishing the accounts as they have been and the levels that have been chosen, what did the research indicate about the capacity of people on low incomes who might, for example, be accessing that \$750 government co-contribution? What evidence do we have of their capacity to be saving \$5,000 a year and making use of the account as it is designed? Do we have any indication as to the capacity for take-up at that level?

Mr Lonsdale—I think that remains to be seen.

Senator PAYNE—No research has been done on that, to the best of your knowledge?

Mr Lonsdale—As part of the costing process we would make estimates on take-up. We do not have a program yet, so in terms of actual take-up we would have to wait.

Senator PAYNE—I am acutely aware of that. In terms of your estimates of take-up though, can you help me with any information on that?

Mr Lonsdale—We would have to take that on notice.

Senator PAYNE—Thank you.

Answer:

Take-up of First Home Saver Accounts will depend upon the final design parameters of the policy.

The costing process assumed that 200,000 eligible first home savers will utilise the accounts in 2008-09, increasing to 660,000 by 2011-12.