

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 1 to 4 June 2004

Question: Bud 78

Topic: Low Income Earners Co-Contribution

Hansard Page: E12

Senator Sherry asked:

We talked earlier about the \$220 million for 2004-05 in the original scheme. In the Australian Taxation Office portfolio budget statements, not the budget papers, there is a revised cost of the scheme of \$275 million for 2004-05. What does that represent?

Mr Tilley—This is in the ATO's PBS?

Senator SHERRY—Yes, you have \$275 million written down there.

Mr Jackson—Is this the appropriation for the payment—

Senator SHERRY—It is the appropriation of the low-income earners co-contribution. We know it is \$220 million. I assume the \$275 million includes the extra—

Dr Rothman—I think that makes sense. I have \$230 million as the figure for 2004-05 for the original policy. We just discussed—

...

Senator SHERRY—I have the EM here and it says \$220 million.

Dr Rothman—I am sorry, I do not have that now. We can check that.

Senator SHERRY—Can you double-check those figures?

Mr Tilley—It could be cash or it could be accruals. We just need to make sure.

Answer:

The estimated cost of the original co-contribution is \$230 million in 2004-05, before the extensions passed by Parliament in the Budget session. This is a gross figure.

The Explanatory Memorandum, however, showed the net figure after taking off \$10 million per annum for the superceded and discontinued member contributions rebate (of a maximum of \$100 per person).

The \$275 million for 2004-05 in Australian Taxation Office portfolio budget statements is also a gross figure; it comprises \$230 million for the policy as initially legislated (before the Budget session), plus \$45 million for the announced extension to those without employer support.