

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Estimates, November 2004

Question: Supp 40

Topic: 30% Tax Rebate

Hansard Page: Written

Senator Stott Despoja asked:

1. What percentage of families does the Government estimate will benefit from its pre-election policy to provide 30% tax rebate?
2. Will there be a means test or an income cap placed on the 30% rebate?
3. Will the 30% rebate disproportionately benefit wealthier families at the expense of low income families? Please provide evidence for response.

Answer:

(1) Assuming that there is full take-up of the Child Care Rebate, around 30 per cent of families with children under 15 years of age may benefit from the rebate in 2006-07.

(2) The rebate is not means tested. It is capped at \$4,000 per child.

(3) No. The Child Care Rebate needs to be considered in the context of Child Care Benefit (CCB). Low income earners are eligible for \$140 a week in Child Care Benefit (CCB) while the maximum available to higher income earners is \$23 a week.

When both CCB and the 30 per cent Rebate on out-of-pocket costs are considered, low income families using approved care will receive greater assistance in total than high income families using the same child care facility for the same number of hours.

The Child Care Rebate builds on CCB and Family Assistance, which are paid on the basis of income and the number of children. Families using approved child care services and on the lowest incomes receive the highest rate of CCB and Family Assistance.