

**SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE**

**2006-2007 BUDGET SENATE ESTIMATES HEARING
29TH AND 30TH MAY 2006
EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO**

QUESTIONS ON NOTICE

Outcome 3: Increased workforce participation

Output Group 3.1: Working age policy

Output 3.1.1: Working age policy and legislation

Question Number: W067-07

Question:

Senator Wong asked in writing:

How would the EMTRs [Effective Marginal Tax Rates] faced by the single parent described in 2(a) above [*refer to Question number 152*] be affected if the parent lived in public housing, and the increased rental payment associated with increased earnings were regarded as notionally contributing to the effective marginal tax rate?

Answer:

The effect of public housing on EMTRs varies on a State and Territory basis. In a number of States and Territories there is a delay between an increase in income and an increase in rent payable. This means that any increase in EMTRs due to rent reviews may take up to six months to arise. If it does arise, the rent payable is likely to increase by the following:

$$0.25 \times (\text{Increased earnings} - \text{reduction in parenting payment/NSA})$$