

Answers to questions by the Committee

The following answers are provided in response to questions asked by the Committee during the course of its hearings on 3 November 2008 in Canberra.

Family tax benefit

The LFAA was asked:

1. Does the LFAA seek an amendment to the new CSS formula to correct for the loss of Family Tax Benefits by persons dependent on pensions whose level of care of their children is equal to less than 35%?;

and

2. What would the loss of Family Tax Benefit amount to in a case such as the one we presented in evidence?

Our responses are:

1. Yes. A correction should be made to the new Child Support formula to allow splitting of FTB for very low-income earners, i.e., pensioners and others on a taxable income less than the self-support component under the CSS - or some other, higher income figure if financial modelling indicates that this is required by equity considerations.

2. According to FaHCSIA:

“The maximum rates of FBT Part A for two children aged 13 to 15 is \$11,636 a year. A person with two children aged 13 to 15 who is otherwise eligible to receive maximum rate FBT Part A but has less than 35% of care, would lose up to a maximum of around \$3,956 per year (34%, based on FTB Part A rates at July 2008)

...

“The maximum rate of FBT Part B for an eligible person with at least one eligible child aged 5 to 15 and no eligible child aged under 5 years is \$2,675 per year. A person with two children aged 13 to 15 who is otherwise entitled to the maximum rate of FBT Part B but has less than 35% of care, would lose up to a maximum of around \$910 per year, based on FTB rates at July 2008.”

\$5,000 per annum is a very significant sum for persons in this situation.

Proportion of separated fathers who see their children once a year or less