

UNIVERSITY OF CANBERRA

NATSEM

National Centre for Social and Economic Modelling



Director: Professor Ann Harding

Mr Frank Nugent
Acting Secretary
Senate Economics Committee
Parliament House
CANBERRA ACT 2600

Dear Mr Nugent

Inquiry into Structure and Distributive Effects of the Australian Taxation System

Thankyou for your letter of 6 August 2003, enclosing the proof Hansard transcript of evidence given to the Senate Economics Committee on Monday 28 July 2003.

Both Rachel Lloyd and I have read the transcripts and we do not wish to make any corrections.

At the request of Senators Hogg and Murray, we undertook to provide to the Committee the income ranges relating to each of the deciles in the figure on the sixth slide of our presentation (taken from Figure 4 of the paper 'Work incentives under A New Tax System: The distribution of effective marginal tax rates in 2002' by Gillian Beer). These are given on the attached sheet, along with the original chart.

I trust that this information will assist the Committee in its inquiry.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Matthew Toohy'.

Matthew Toohy
Senior Research Officer

19 August 2003

Range of equivalised family disposable income by decile

Decile	Lower bound	Upper bound
1	-405.3	187.2
2	187.2	225.2
3	225.2	260.4
4	260.4	312.1
5	312.1	385.6
6	385.6	455.9
7	455.9	537.6
8	537.6	648.5
9	648.6	817.3
10	917.3	5174.1

Note: the family disposable incomes in this table have been adjusted using the OECD equivalence scale to allow for differences in family size and composition. This means, for example, that decile 5 includes:

- single person families with disposable income between \$312.10 and \$385.60
- couple without children families with disposable income between \$468.20 and \$578.40
- couple families with two dependent children (aged 15 and under) with disposable income between \$655.40 and \$809.80

Estimated proportion of all individuals facing EMTRs over 60 per cent and average EMTRs, by equivalised family disposable income decile

