

**Senate Community Affairs Committee**  
**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**  
**FAMILIES, HOUSING, COMMUNITY SERVICES AND**  
**INDIGENOUS AFFAIRS PORTFOLIO**  
**2013-14 Budget Estimates Hearings**

**Outcome Number:** 1

**Question No:** 199

**Topic:** Family and Children

**Hansard Page:** Written

**Senator Cash** asked:

With regard to the changes to Family Tax Benefit Part A to provide parents with a \$2000 payment for the birth of their first child and \$1000 for second and subsequent children:

- a. Based on the Department's modelling, how many parents are expected to be eligible for the \$1000 amount on 1 March 2014?
- b. How many of those parents expected to be eligible for the \$1000 amount would be receiving it for their third or subsequent children?
- c. Why was the decision made to pay the \$2000 amount as an initial sum of \$500, followed by seven fortnightly instalments?
- d. How many families that would have been eligible for the Baby Bonus will not be eligible for the replacement payment?
- e. How was the amount and rate of the payment rate decided upon?
- f. Why have these changes occurred so soon after the changes to the Baby Bonus in the 2012-13 MYEFO, and indeed, why the legislation to change the rate of the Baby Bonus was still sitting in the House of Representatives?

**Answer:**

- a. Around 66,000 parents of second or subsequent children will be eligible to receive the \$1,000 increase of Family Tax Benefit Part A each year.
- b. The Department does not collect data on how many children born are third or subsequent children.
- c. The initial sum of \$500 is intended to help parents with the set up costs at the time of birth. To support families with the additional costs in the weeks following the arrival of a new baby, the rest of the payment is distributed across seven fortnights. This payment split is similar to the payment arrangements for Baby Bonus.
- d. Around 20,500 higher-income families who would have qualified for the Baby Bonus under the \$150,000 means test will not be eligible for Family Tax Benefit Part A, and will not be eligible for Paid Parental Leave.
- e. The Department determined the respective figures of \$2,000 for the first child and \$1,000 for second and subsequent children using the budget standards methodology (that is, a basket of goods approach) to determine an estimate of costs for essential baby items required immediately following the birth of a child.

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The Department first undertook budget standards work and qualitative research for the final report of *Australia's Future Tax System Review* published in 2010. The final report noted the Department's work indicated that the "actual direct costs at birth for low-income families are around \$2,000 for a first child and \$1,000 for a second child".

The Department replicated this work in 2013 and found that direct costs at birth for low-income families remained under \$2,000 for a first child and \$1,000 for second and subsequent children.

- f. It is not appropriate for the Department to provide information regarding the deliberations of government.