

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: 224

Topic: Baby Bonus

Hansard Page: Written

Senator Siewert asked:

How did the Department come to the respective figures of \$2,000 for the first child and \$1,000 for the 2nd and subsequent children in determining the allocation of funds that would be provided to an eligible parent upon the birth of their child to be paid through the Family Tax Benefit A mechanism?

Answer:

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.

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.