

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 55

Topic: Education tax refund – expenditure

Hansard Page: 112

Senator Bushby asked:

Senator BUSHBY: As at 2008-09, when the ETR was first a budget measure, it was originally estimated to cost \$4.4 billion over four years in the Tax Laws Amendment (Education Refund) Bill 2008. Are you able to tell me, for the 2008-09 year, how much of the \$1,115 million that was budgeted in that bill was actually expended?

Mr Quigley: No. I cannot give you that figure either, Senator.

Senator BUSHBY: Can you take it on notice?

Mr Quigley: Yes.

Senator BUSHBY: In doing so, can you also tell me whether if it was not fully expended, by how much it was underspent from the amount budgeted? What accounted for the underspend? Where did the spend not actually come up to what was expected?

Answer:

For the 2008-09 year, the actual amount budgeted for was \$1,015 million rather than the \$1,115 million as indicated in Hansard. Of this amount, \$643.92 million was actually expended.

The underspend for the 2008-09 year was \$371.08 million.

As taxpayers calculate their entitlement under the self-assessment principle, the ATO is not in an authoritative position to advise why there was an underspend.

Notwithstanding this, there are a number of factors that could notionally have contributed, such as:

- taxpayers may not have spent up to the maximum amount claimable
- some taxpayers may no longer have been eligible to claim – for example, they ceased to be eligible for Family Tax Benefit Part A
- some taxpayers may not have been eligible to claim for the full year or had shared care of a child, or
- some taxpayers may have chosen not to lodge a claim regardless of their eligibility.