Impact of Safety Net Adjustments - Some Examples

Single income family with one child

George works full-time and receives an award rate\(^1\) of $567.80 (ie. $29,525.60 pa). He and his partner Julie have one child under 5.

If the Commission awards the $10 safety net adjustment proposed by Ai Group the effect on George and Julie's family and on George's employer would be:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>567.80</td>
<td>10.00</td>
<td>577.80</td>
<td>3.00(^2)</td>
<td>Family Tax Benefit Part A = 61.46</td>
<td>60.97(^3)</td>
<td>49c</td>
<td>13.00(^4)</td>
<td>$5.88 (but lose Health Care Card)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(30,045.60 pa)</td>
<td></td>
<td>Family Tax Benefit Part B = 52.78</td>
<td>52.78</td>
<td>nil</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rent Assistance(^5) = 53.13</td>
<td>52.50</td>
<td>63c</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Health Care Card(^6)</td>
<td>No Health Care Card</td>
<td>Loss of Health Care Card</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

1. This is the C7 award rate which aligns with a special class tradesperson in the metal industry or a senior clerk.
2. Tax rate on income between 20,001 and 50,000 is 30c in the dollar.
3. The maximum Family Tax Benefit Part A is only payable for income levels up to $29,857. The benefit is reduced by 30c in each dollar above $29,857.
4. Assuming 30% on-costs such as increased superannuation, workers' compensation, payroll tax, and higher shift and overtime penalties
5. Assuming rent of $250 per week
6. A Health Care Card entitles the holder to various concessional benefits including reduced pharmaceuticals and some travel concessions.
If the Commission awards the $25 safety net adjustment proposed by the ACTU the effect on George and Julie’s family and on George’s employer would be:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>567.80</td>
<td>25.00</td>
<td>592.80 (30,825.60 pa)</td>
<td>7.50</td>
<td>Family Tax</td>
<td>59.01⁷</td>
<td>2.45</td>
<td>32.50⁸</td>
<td>$11.90 (but lose Health Care Card)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Benefit Part A = 61.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rent Assistance = 53.13</td>
<td>52.78</td>
<td>nil</td>
<td>3.15</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Health Care Card</td>
<td>49.98</td>
<td>No Health</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

⁷ The maximum Family Tax Benefit Part A is only payable for income levels up to $29,857. The benefit is reduced by 30c in each dollar above $29,857.

⁸ Assuming 30% on-costs such as increased superannuation, workers’ compensation, payroll tax, and higher shift and overtime penalties

⁹ Assuming rent of $250 per week
Dual income family with two children

John works full-time and his partner Cathy works part-time (19 hours per week). Both earn the minimum wage of $413.40. Family income is $620.10 per week ($32,245.20 pa). They have two children under 5.

If the Commission awards the $10 safety net adjustment proposed by Al Group the effect on John and Cathy's family and on their employer/s would be:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>620.10</td>
<td>10.00 (15.00 for the couple)</td>
<td>635.10</td>
<td>3.85&quot;</td>
<td>Family Tax</td>
<td>111.79</td>
<td>2.73</td>
<td>19.50&quot;</td>
<td>$6.67 (of the $15)</td>
</tr>
<tr>
<td></td>
<td>(33,025.20 pa)</td>
<td></td>
<td></td>
<td>Benefit Part A = 114.52&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Family Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Benefit Part B = 63c</td>
<td>nil</td>
<td>nil</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rent Assistance = 47.81</td>
<td>46.06</td>
<td>1.75</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

10 Tax rates are: John: 30c in the dollar; Cathy: 17c in the dollar. (Extra tax payable would be $3 + 85c)

11 The maximum Family Tax Benefit Part A is only payable for family income levels up to $29,857. The benefit is reduced by 30c in each dollar above $29,857.

12 Based on the two income earners. Assuming 30% on-costs such as increased superannuation, workers' compensation, payroll tax, and higher shift and overtime penalties

13 Assuming rent of $250 per week
If the Commission awards the $25 safety net adjustment proposed by the ACTU the effect on John and Cathy's family and on their employer/s would be:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>620.10</td>
<td>25.00 (37.50 For the couple)</td>
<td>657.60</td>
<td>9.63</td>
<td>Family Tax</td>
<td>107.66&lt;sup&gt;14&lt;/sup&gt;</td>
<td>6.86</td>
<td>48.75&lt;sup&gt;15&lt;/sup&gt;</td>
<td>$15.97 (of the 37.50)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Benefit Part A = 114.52</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Family Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Benefit Part B = 63 c</td>
<td>nil</td>
<td>63c</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rent Assistance&lt;sup&gt;16&lt;/sup&gt; = 47.81</td>
<td>43.40</td>
<td>4.41</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** The family assistance figures used in these examples have been provided by the Family Assistance Office but are subject to final written confirmation.

---

<sup>14</sup> The maximum benefit is reduced by 30c in each dollar above $29,857.

<sup>15</sup> Based on the two income earners. Assuming 30% on-costs such as increased superannuation, workers' compensation, payroll tax, and higher shift and overtime penalties

<sup>16</sup> Assuming rent of $250 per week
03 April 2002

Ms Di White
Director
Family Assistance Office

Facsimile: 02 6212 9274

Dear Ms White

Re. Confirmation of calculations provided by the Family Assistance Office

As discussed, Ai Group has prepared an Exhibit (attached) which it intends to tender in the Safety Net Review case currently being heard by the Full Bench of the Australian Industrial Relations Commission.

The family assistance figures are based on information provided by your staff.

Your assistance would be greatly appreciated in arranging for the family assistance figures to be checked and faxing back confirmation of their accuracy to me on facsimile 02 9955 0907. As we are likely to present our submissions to the Commission this Friday, it would be greatly appreciated if you could provide this confirmation by Thursday afternoon.

If you have any queries, please give me a call on 0418 461183 or 02 9466 5521. Once again, thanks for your help.

Yours sincerely

Stephen Smith
DIRECTOR-NATIONAL INDUSTRIAL RELATIONS
Facsimile

To: Australian Industry Group
Attention: Stephen Smith, Director-National Industrial Relations
Fax No: (02) 9955 0907
Date: 04 April 2002
Number of Pages: 1

Comments:

Stephen,

We have checked the Exhibit that you faxed to Di White yesterday and can confirm that the family assistance figures in it are correct.

Please note that we make no comment on the validity of assumptions regarding the on-costs associated with a safety net adjustment.

If you have any queries, please contact Brad Cooper on (02) 6212 9397.

Frances Corby-Moore
A/g Director
Business Development Section
Family and Children Branch

From: Frances Corby-Moore  Phone: (02) 6212 9445  Fax: (02) 6212 9415

Important: The contents of this facsimile (including attachments) may be confidential and privileged. Any unauthorised use of this document or its contents is prohibited. If you receive this facsimile in error, please notify us by telephone immediately and then shred this document.