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## **Federal Budget 2006**

### **Jobless: the forgotten in affluent Australia**

The Brotherhood of St Laurence today said the Federal Budget has failed to address the disincentives faced by people wishing to move from welfare to work.

Releasing the Brotherhood's analysis of the budget's impact on the unemployed returning to work, Executive Director, Tony Nicholson said "It is now clear that the Government has squibbed the task of reforming the disincentives faced by people moving from welfare to work.

"The budget has lowered tax rates at the top end of the income scale in the name of incentive but has left the unemployed returning to work facing effective tax rates as high as 61 per cent and as high as 77 per cent when out-of-pocket child care costs are taken into account.

"Our analysis illustrates the crippling disincentives faced by a single parent returning to work."

#### **Returns from work for a single mum with two children\***

**Table 1: Returns from work for a single mum with two children after taxes and benefit withdrawal\***

Hours work per week	Earnings	Disposable income**	Amount of earnings kept	Proportion of earnings kept
None	\$0	\$486	-	-
5	\$65	\$534	\$48	74%
10	\$130	\$558	\$72	55%
15	\$195	\$575	\$88	45%
20	\$260	\$594	\$107	41%
25	\$325	\$616	\$129	40%
30	\$390	\$638	\$151	39%
35	\$455	\$672	\$186	41%
40	\$520	\$715	\$229	44%

\*Based on single parent with children aged 8-12 years, with maximum rent assistance and working at minimum wage rate of \$13 per hour

\*\*Income after taxes and benefit withdrawal

**Media contacts: Tony Nicholson on 0417 307 716 or Michelle Low on 0413 948 535**

**Table 2: Returns from work for a single mum with two children after taxes and benefit withdrawal AND out-of-pocket child-care expenses\***

<b>Hours work per week</b>	<b>Earnings per week</b>	<b>Weekly disposable income**</b>	<b>Amount of earnings kept</b>	<b>Percentage of earnings kept</b>
None	\$0	\$486	-	-
5	\$65	\$524	\$38	58%
10	\$130	\$538	\$52	40%
15	\$195	\$545	\$58	30%
20	\$260	\$554	\$67	26%
25	\$325	\$566	\$79	24%
30	\$390	\$578	\$91	23%
35	\$455	\$602	\$116	26%
40	\$520	\$635	\$149	29%

\*Based on single parent with children aged 8-12 years, with maximum rent assistance and working at minimum wage rate of \$13 per hour

\*\*Income after taxes and benefit withdrawal and out-of-pocket child-care expenses of approximately \$2 per hour

**Media contacts: Tony Nicholson on 0417 307 716 or Michelle Low on 0413 948 535**