

Bonuses without the extra babies

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SOME of Australia's richest suburbs have reported massive increases in claims for the baby bonus amid mounting evidence the policy — which Peter Costello intended to lift the fertility rate — has become another misdirected welfare payment.

An analysis of baby bonus data obtained by *The Weekend Australian* under Freedom of Information laws reveals high-

income suburbs — including Kirribilli in Sydney, central Melbourne, and New Farm in Brisbane — are among the suburbs showing the fastest growth in claims for the baby bonus.

But the Australian Bureau of Statistics found the fertility rate in those areas remained largely static between 2001 and 2006, despite the national rate lifting .085 to 1.814 — a trend that

prompted Howard government claims the baby bonus was working.

The baby bonus is expected to cost taxpayers \$1.3 billion this financial year and, under provisions outlined in Mr Costello's last budget, will increase to \$5000 from July. Previous increases in the baby bonus prompted some women to delay scheduled births and there are

no restrictions on how the money can be spent.

The largest number of payments are still being made to couples and single parents in poorer suburbs, where many people start a family — yet more often than not those areas are registering fertility rates below the national average.

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amount of baby bonus payments last financial year — \$6.6 million — went to Liverpool and surrounds, in Sydney's southwest. But the fertility rate there actually fell slightly to 1.95 per woman in the five years to 2006.

The largest increase in baby bonus claims in NSW between 2004-05 and 2006-07 — 140 per cent — came from couples in the exclusive Kirribilli and Milsons Point area, which has one of Australia's highest average household incomes. Yet the area's fertility rate has remained static since 2001 at about 1.2.

The trends are similar across the nation and will reopen the debate on the efficacy of the baby bonus as a means of responding to the ageing population. The figures may also fuel calls for the baby bonus to be means-tested to help only those in need.

Griffith University economics professor Ross Guest last night described the data as further proof the baby bonus was not responsible for Australia's increased fertility rate and was an inefficient use of taxpayer funds.

Professor Guest said the baby bonus was designed to support

and encourage families having more children "but in trying to do those two things it does neither very well".

"If it's trying to raise the fertility rate there are more efficient ways of doing that," Professor Guest said. "Studies overseas have shown that the vast majority of first births would occur anyway, without the baby

bonus, so a better policy might be to pay for second or maybe only third births.

"If it's a family support payment, why link it to the birth of a child, and why not means-test it? The Government would be better off rationalising the various family tax benefits, childcare payments and so on to make the system fairer and simpler. It's a spaghetti bowl the way it is."

Families Minister Jenny Macklin last night refused to

endorse the baby bonus as a mechanism to increase Australia's fertility rate but said the Government had no plans to scrap it. "We support it to give parents additional financial support at a time when many are dropping back to one income and facing increased costs with one family," she said.

According to *The Weekend Australian's* analysis, older parents are making the most claims — those aged 30-39 accounted for more than half of all claims in 2006-07. This matches the ABS finding that the increase in the fertility rate was largely attributable to women aged 30-39.

Despite speculation to the contrary, the proportion of total claims made by single parents and indigenous Australians decreased between 2004-05 and 2006-07.

The baby bonus is achieving Mr Costello's aim in Toowoomba, west of Brisbane, which recorded Queensland's highest total payments, of \$6.2 million, last financial year and has seen its fertility rate rise 0.16 to 1.93 in five years. The highest increase in claims in Queensland was in the inner-Brisbane suburb of New Farm, with a static fertility rate of less than one.

It was a similar story in Victoria, where Fountain Gate and Narre Warren had the most claims — \$4 million despite the fertility rate only increasing 0.7 in five years — and Melbourne recording the highest increase of 177 per cent despite having fewer children.