

Submission

on the

Family Assistance and Other Legislation Amendment Bill 2013

to the

Senate Community Affairs Legislation Committee

Department of the Senate

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1. Introduction

On 28 February 2013 the Senate referred the *Family Assistance and Other Legislation Amendment Bill 2013* to the Community Affairs Legislation Committee for inquiry and report.

The Committee has invited public submissions on the Bill which are due by 17 March 2013. The Committee is due to report on 18 March 2013.

2. Cutting the baby bonus for second and subsequent children

The principal provision of the *Family Assistance and Other Legislation Amendment Bill 2013* is contained in item 1 of Schedule 1 of the Bill.

This provision would reduce the amount of the baby bonus payable for a second or subsequent child (other than in the case of a multiple birth or two or more children coming into care at the same time) from \$5,000 to \$3,000.

2.1 Dubious rationale

The measure is clearly aimed at reducing government expenditure – initially to meet the now receding goal of a budget surplus.

The stated rationale for the reduction is that *“families buy the big-ticket nursery items for their first child. Most families do not face the same upfront costs for a second or later child as they do for their first child. Expensive items such as the cot, pram, change table and baby capsule are generally reused when the younger siblings come along.”*¹

Really? Where is the first born child supposed to sleep when the new born child gets the cot? Many families who have a second child soon after a first will need a second pram or to swap a single pram for a double pram to accommodate the needs of a newborn and a toddler. The toddler will need a child booster seat while the newborn gets the baby safety capsule. In other cases where two or more years intervene between children, a family may well have passed on the cot, baby safety capsule and pram to the Salvos or to a friend or relative. They may not be available for reclamation!

In any case ongoing costs for nappies, food and so forth will be the same for a second and subsequent child.

2.2 Importance of second and subsequent children

The Australian Bureau of Statistics has identified the decline in the percentage of women having three or more children as one of the key drivers of the below replacement level total fertility rate.² This percentage has declined rapidly from 54% in 1976 to 32.6% in 2006.

In the late 1970s, the total fertility rate began to decline at a slower rate, continuing through the 1980s and 1990s, until reaching a low of 1.73 babies per woman in 2001. From 2002, the total fertility rate increased, reaching 1.96 babies per woman in 2008, the highest recorded since 1977. Australia's total fertility rate has subsequently decreased slightly to 1.89 babies per woman in 2010.³

This is now well below the replacement fertility rate of 2.1 children per women.

It is very short-sighted and irresponsible to remove an incentive and send a signal to families considering having a second or subsequent child that this is not worthy of support.

2.3 Further inequity between Australian families

Government support for families is already inequitable. Families with a parent caring for their own children at home receive less than those with both parents in the paid workforce using paid childcare for the children. This inequity was widened when the baby bonus was frozen and no longer indexed to CPI, while Paid Parental Leave continued to rise annually in accordance with increases to the National Minimum Wage.

For a second child, the inequity will now be even more glaring.

A family receiving 18 weeks Paid Parental Leave for the principal carer and 2 weeks Dad or Partner Leave all at the current National Minimum Wage Rate of \$606 per week will receive a total of \$12,120.

A family receiving the baby bonus will receive just \$3,000.

PPL recipients will receive over four times the support received by baby bonus families.

2.4 Pressuring women to return to work early or to delay the birth of a second child

For a woman to qualify for PPL for a second child – and get four times the government support offered to a baby bonus recipient – she would have to return to paid employment at least 42 weeks before the birth of the second child.

This is going to pressure her either to space her children further apart than she otherwise might, or to return to work earlier than she otherwise might.

For example to allow for 12 months absence from work caring for her first child – the period proposed by the Productivity Commission as beneficial for her health and that of the child – she would be obliged to space her children at least 22 months apart.

The closest she could have her children together would be 60 weeks (14 months), but only if she returned to work immediately after the 18 weeks PPL expired.

It is perverse for government policies to be so directly implicated in intimate family decisions about the spacing of children.

3. Conclusion

The key provision of the Bill which would cut the baby bonus for second and subsequent children from \$5,000 to \$3,000:

- is based on a dubious rationale;
- indicates a lack of support and encouragement to families to have a second or subsequent child, despite the importance of such families for the overall fertility rate;

- would further widen the inequity between parents who care for their own children at home and those with both parents in the paid workforce who use paid childcare; and
- would pressure women to either return to work early or delay the birth of a second child.

Recommendation:

Item 1 of Schedule 1 of the Bill and all consequential provisions should be opposed.

4. Endnotes

1 Hon Julie Collins, *Family Assistance and Other Legislation Amendment Bill 2013: Second reading speech*, House of Representatives, 13 February 2013.

2. “Recent fertility trends” in *Australian Bureau of Statistics, Cat. No. 1301.1 Year Book Australia*, 2006:

<http://www.abs.gov.au/Ausstats/abs@.nsf/Previousproducts/1301.0Feature%20Article82006>

3. “Births” in *Australian Bureau of Statistics, Cat. No. 1301.1 Year Book Australia*, 2012:

<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1301.0~2012~Main%20Features~Births~51>