

Australian Greens Dissenting Report

Introduction

1.1 **The Australian Greens do not support the recommendation of the majority report that the Social Services Legislation Amendment (Family Measures) Bill 2015 (Bill) be passed.**

1.2 As noted in the majority committee report, the Bill makes two changes to the family tax benefit (FTB) system:

- reducing the portability of the FTB payments, and
- ceasing the large family supplement.

1.3 The Coalition's stated purpose in introducing the bill is to improve the 'sustainability' of the FTB system.¹ However, poorly targeted cuts to the FTB system in isolation, without any broader strategy for the necessary reform to the revenue base, inevitably hurt vulnerable people the most, without addressing underlying structural factors.

1.4 **The Australian Greens recommend that the bill not be passed.**

Portability of family tax benefit

1.5 As the Welfare Rights Centre outlined in its submission:

At present, Family Tax Benefit (Part A) can be paid at the full rate for temporary absences overseas of up to six weeks and at the 'base rate' for a further 50 weeks (56 weeks in total).²

1.6 The Bill would seek to reduce that period of portability to 6 weeks. As noted in the main committee report, this impacts eligibility for other payments including:

- child care benefit;
- child care rebate;
- double orphan pension;
- schoolkids bonus, and
- single income family supplement

1.7 As noted in the main committee report, concerns were raised in multiple submissions about the impact on low income families, and families with strong connections outside Australia. The St Vincent de Paul Society, the National Welfare Rights Network, the Welfare Rights Centre, the Refugee Council of Australia and the Australian Council of Trade Unions all opposed this measure.

1 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 2 December 2015, p. 14425.

2 Welfare Rights Centre NSW, *Submission 18*, p. 1.

1.8 As the Welfare Rights Centre stated in its submission:

This Bill ignores the cultural realities of a 21st century multicultural Australia, with many people having close and extensive ties to families living in countries outside of Australia. In the experience of the Welfare Rights Centre NSW, overseas travel can be required in family emergencies, in cases of illness, accident, natural disasters, and when care for relatives is required.

While some people need to travel to assist with caring duties, in some situations people travel overseas to be cared for, as there is no suitable carer in Australia, or for respite.³

1.9 The Welfare Rights Centre also estimated that around 34 200 families will be affected in 2016-17, with a family with one child worse off by \$5000 to \$6500.⁴

1.10 This measure is a poorly targeted one, and it disproportionately impacts those with families in other countries. It cuts away another section of the social safety net, without addressing other more significant structural factors which contribute to the sustainability of a budget strategy.

Cutting the large family supplement

1.11 The Large Family Supplement is an annual payment for eligible FTB recipients for the fourth child, and every additional child. It is currently worth \$324.84 per annum.

1.12 The Bill proposes to remove the Large Family Supplement. As noted in the main committee report, multiple submissions raised concerns.

1.13 The Western Australia Commissioner for Children and Young People recommended retaining the supplement for vulnerable families, and noted concerns around the potential impact on Aboriginal families.⁵ Children with Disability Australia highlighted the impacts of cuts to FTB on children with disability.⁶

1.14 The St Vincent de Paul Society, National Welfare Rights Network, the Welfare Rights Centre, the Refugee Council of Australia and the Australian Council of Trade Unions (ACTU) all opposed this measure. The ACTU noted that 125 000 families would lose the supplement.⁷

1.15 The Welfare Rights Centre stated:

The government believes that these cuts can be justified because there are economies of scale in larger families. However, it failed to acknowledge that in families where incomes are stretched, every cent counts. The loss of

3 *Submission 18*, p. 1.

4 *Submission 18*, p. 1.

5 Western Australia Commissioner for Children and Young People, *Submission 1*, p. [2].

6 Children with Disability Australia, *Submission 4*.

7 Australian Council of Trade Unions, *Submission 9*, p. 4.

the Supplement could mean that items like eggs, fruit juice and cheese won't be on the shopping list.⁸

1.16 The Explanatory Memorandum cites evidence from the National Centre for Social and Economic Modelling (NATSEM), which shows that 'Additional children do not cost as much as the first child'.⁹ However, the 2013 NATSEM report goes on to state:

This is not to say however that the costs of larger families are not substantial ... A better understanding of the extent of these costs to families is gained by again looking at the proportion of total income that these figures represent ... as the size of the family increases, families at all income levels increase the proportion of income devoted to their children ... while the dollar amount spent on second and third children is less than that spent on the first child, the additional proportion of income spent on each additional child is still significant for families at each income level with the proportion of income spent on three children about 2.5 times that spent on one child.¹⁰

1.17 Most importantly, this removal of the Large Family Supplement occurs in the context of attempts by Government to cut away the social safety net through indiscriminate and poorly targeted cuts. Without a meaningful commitment to providing adequate support to vulnerable families, the removal of the large family supplement merely reflects another cut to many families who are already struggling.

Budget 'sustainability'

1.18 The Coalition's stated rationale for the measures in this Bill is to improve the 'sustainability' of the family payments system. However, the Coalition's approach has consistently been to ignore the large number of issues which need to be addressed in relation to revenue raising. Instead, budget 'sustainability' has in practice meant an implicit strategy of cutting away the social safety net.

1.19 This reflects an ideological approach, which is not concerned with the structural revenue issues which contribute to the sustainability of a budget position. Instead the Coalition's approach is to cut away Government support for those who are struggling. This is a fundamentally unfair policy approach. It contributes to increasing inequality, and ultimately to an unfair and divided society.

1.20 The Australian Greens reject this approach.

8 *Submission 18*, p. 2.

9 National Centre for Social and Economic Modelling, *The cost of raising children in Australia*, p. 9. See: http://www.natsem.canberra.edu.au/storage/AMP_NATSEM_33.pdf.

10 *The cost of raising children in Australia*, p. 9.

Recommendation 1

1.21 The Australian Greens recommend that the Social Security Legislation Amendment (Family Measures) Bill 2015 not be passed.

Senator Rachel Siewert