

The Senate

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Community Affairs  
Legislation Committee

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Social Services Legislation Amendment  
(Family Measures) Bill 2015 [Provisions]

February 2016

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# MEMBERSHIP OF THE COMMITTEE

## 44<sup>th</sup> Parliament

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# TABLE OF CONTENTS

<b>Membership of the Committee .....</b>	<b>iii</b>
<b>Abbreviations .....</b>	<b>vii</b>
<b>List of Recommendations .....</b>	<b>ix</b>
<b>Chapter 1</b>	
<b>Introduction .....</b>	<b>1</b>
Referral .....	1
Background.....	1
Key provisions and purpose of the Bill .....	1
Financial impact .....	5
Consideration of the Bill by other committees.....	5
Conduct of the Inquiry.....	6
Note on references .....	6
<b>Chapter 2</b>	
<b>Key issues.....</b>	<b>7</b>
Impact on low income and vulnerable families.....	7
Impact on Aboriginal and Torres Strait Islander families .....	8
Comments on specific measures .....	9
Committee view.....	13
<b>Australian Greens Dissenting Report</b>	
Introduction .....	15
Portability of family tax benefit .....	15
Cutting the large family supplement .....	16
Budget 'sustainability' .....	17
<b>Appendix 1</b>	
<b>Submissions received by the Committee .....</b>	<b>19</b>



## ABBREVIATIONS

ACTU	Australian Council of Trade Unions
Bill	Social Services Legislation Amendment (Family Measures) Bill 2015
CDA	Children with Disability Australia
Chinese Society	Chinese Australian Services Society
Committee	Community Affairs Legislation Committee
FTB	Family Tax Benefit
EM	Explanatory Memorandum
Human Rights committee	Parliamentary Joint Committee on Human Rights
Minister	Minister for Social Services
NCSEM	National Centre for Social and Economic Modelling
RCOA	Refugee Council of Australia
Statement	Statement of compatibility with human rights
WA Commissioner	Western Australia Commissioner for Children and Young People





# **LIST OF RECOMMENDATIONS**

## **Recommendation 1**

**2.41 The committee recommends that the Bill be passed.**



# Chapter 1

## Introduction

### Referral

1.1 On 3 December 2015, the Senate referred the provisions of the Social Services Legislation Amendment (Family Measures) Bill 2015 (Bill) to the Community Affairs Legislation Committee (committee) for inquiry and report by 22 February 2016.<sup>1</sup>

### Background

1.2 Family Tax Benefit (FTB) is a two part payment from the Australian Government to help families with the cost of raising children. FTB Part A is paid for each child and is income tested. There are a range of FTB Part A supplement payments, including the Large Family Supplement which is an additional payment for the fourth child and each subsequent child in a family receiving FTB Part A payments. FTB Part B, which remains unchanged by this Bill, gives extra help to single parents and families with one main income and is also income tested.<sup>2</sup>

1.3 The length of time for which FTB Part A is paid to recipients in respect of an 'FTB child' or a 'regular care child'<sup>3</sup> who is outside Australia (known as portability) is currently 56 weeks. There is a capacity to extend the 56-week period in certain circumstances, such as where an individual cannot return to Australia because of illness or they have been deployed overseas as a member of the Defence Force. The 56-week portability period is not reset if the FTB child or regular care child returns to Australia for a period of less than six weeks and then leaves again.<sup>4</sup>

### Key provisions and purpose of the Bill

1.4 The Bill is comprised of two schedules and seeks to amend the *A New Tax System (Family Assistance) Act 1999* in order to:

- reduce the duration of portability of FTB; and
- cease the large family supplement payment.

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1 *Journals of the Senate*, No. 134—3 December 2015, p. 3625.

[http://www.aph.gov.au/Parliamentary\\_Business/Chamber\\_documents/Senate\\_chamber\\_documents/Journals\\_of\\_the\\_Senate/2015](http://www.aph.gov.au/Parliamentary_Business/Chamber_documents/Senate_chamber_documents/Journals_of_the_Senate/2015)

2 Department of Human Services website, *Family Tax Benefit*,

<http://www.humanservices.gov.au/customer/services/centrelink/family-tax-benefit-part-a-part-b> (accessed 12 January 2016).

3 These terms are defined in subsection 3(1) of the *A New Tax System (Family Assistance) Act 1999*.

4 Social Services Legislation Amendment (Family Measures) Bill 2015, *Explanatory Memorandum* (EM), p. [4]. Current provisions around the extension of portability are in section 24 of the *Family Assistance Act*.

1.5 In his second reading speech, the Minister for Social Services, the Hon. Christian Porter MP (Minister), outlined the overarching purpose of the Bill:

These two budget measures, along with the reform package introduced recently by the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015, will improve the sustainability of family payments, while providing continued support to those most in need of assistance.

In 2015-16, the government will provide around \$20 billion in family tax benefit payments the second-biggest item of expenditure within the Social Services portfolio, and the fourth-biggest item of expenditure in the Commonwealth budget. A modest save of \$177.3 million is a reasonable and prudent measure to help ensure family tax benefit remains affordable and the government can continue to assist families in raising their children.<sup>5</sup>

***Schedule 1—Portability of family tax benefit***

1.6 The length of time for which FTB Part A is paid to recipients who are outside Australia is currently 56 weeks. The Bill seeks to reduce the portability time to six weeks.<sup>6</sup>

1.7 The Minister has stated:

This measure will align the portability rules for family tax benefit part A with those for family tax benefit part B and most other income support payments. It is a move consistent with the principle that the primary purpose of family assistance payments, which is to assist Australian families with the costs of raising children in Australia.<sup>7</sup>

1.8 The key amendments to the Bill will:

- reduce from 56 weeks to six weeks, the period during which FTB can be paid to an individual who is outside Australia or in respect of a child who is outside Australia;
- retain capacity to extend the portability period, modified as necessary to take account of the reduced portability period;
- retain the short return rules, such that the portability period will not reset if an individual, an FTB child or a regular care child returns to Australia for a period of less than six weeks and then leaves again; and
- ensure that where an individual returns to Australia within 13 weeks of the end of the portability period, their FTB will be restarted where appropriate without the need for a new claim.<sup>8</sup>

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5 The Hon. Christian Porter, Minister for Social Services (Minister), [House of Representatives Hansard](#), 2 December 2015, p. 14 422.

6 EM, pp [2, 4].

7 [House of Representatives Hansard](#), 2 December 2015, p. 14 422.

8 EM, p. [4].

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1.9 Due to the links between FTB and other payments, this amendment will, in turn, affect eligibility for other payments, including child care benefit, child care rebate, double orphan pension, schoolkid bonus and single income family supplement if the family is outside the portability period.<sup>9</sup>

1.10 Items 1 to 26 provides for amendments to be made to the *A New Tax System (Family Assistance) Act 1999*:

- Item 1 repeals certain definitions from subsection 3(1) that will no longer be referenced in the Act due to the amendment made by Item 25. Items 2, 20, 21, 22, 23 and 26 then omit references to other definitions in various provisions on the *A New Tax System (Family Assistance) Act 1999*.
- Items 3, 4 and 6 amend subsections 24(1) and (4) to reduce the current 56-week portability period to six weeks.
- Items 5 and 7 repeal the return rules in subsections 24(2) and (5) as they are no longer required.
- Items 8 to 19 amend other provisions in subsection 24 to reflect the reduced portability period introduced in Items 3, 4 and 6.
- Item 24 makes a consequential amendment to subsection 58(1) to reflect the amendments made in Item 25.
- Item 25 repeals sections 62 to 63A, which are made redundant by the reduction in portability period from 56 weeks to six weeks contained in Items 3, 4 and 6.<sup>10</sup>

1.11 Items 27 to 29 provides for amendments to be made to the *A New Tax System (Family Assistance) (Administration) Act 1999*:

- Items 27 and 28 make consequential amendments to Sections 30A and 30B to reflect the reduced portability period introduced in Items 3, 4 and 6.
- Item 29 amends section 31 to insert new subsections 31(1C), (1D) and (1E):
  - New subsections 31(1C) and (1D) have the effect of ensuring that if an individual or FTB child or a regular care child returns to Australia within 13 weeks after the end of the six week portability period, and the Secretary is satisfied the individual is eligible for FTB, then the family tax payments would restart from the date of return to Australia without requiring a new claim to be submitted.
  - New subsection 31(1E) makes it clear these new provisions do not limit any later application of subsections 31(1) in relation to entitlement determination.<sup>11</sup>

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9 *House of Representatives Hansard*, 2 December 2015, p. 14423.

10 EM, pp [5-6].

11 EM, pp [6-7].

- Item 30 inserts new subsections 65(3), (4) and (5):
  - New subsections 65(3) and (4) have the effect of ensuring that if an individual or an FTB child or a regular care child returns to Australia within 13 weeks after the end of the six week portability period, and the Secretary is satisfied the individual is conditionally eligible for child care benefit by fee relief, then the benefit of fee reductions would restart from the date of return to Australia without requiring a new claim to be submitted.
  - New subsection 65(5) makes it clear these new provisions do not limit any later application of subsections 65(1) if the child or the individual is again absent from Australia for longer than six weeks.<sup>12</sup>
- Item 31 contains relevant application and savings provisions:
  - Subitem 31(1) provides a rule that these amendments apply to absences from Australia starting on or after 1 January 2016.
  - Subitems 31(2) and (3) provide further detail to this rule, by ensuring that if the portability period for an individual, FTB child or regular care child commenced before 1 January 2016 and that person returns to Australia on or after 1 January 2016 and then leaves again within 6 weeks, the current rules continue to apply in relation to the subsequent absence.<sup>13</sup>

### ***Schedule 2—Large family supplement payment***

1.12 The Bill also seeks to cease the large family supplement which is paid for the fourth and each subsequent child in the family.<sup>14</sup>

Ceasing the large family supplement delivers on the recommendations of [the Henry Tax and the National Commission of Audit] reviews and the change therefore achieves a legitimate objective of better targeting family payments to those most in need of assistance by removing a non-essential component of FTB Part A.<sup>15</sup>

1.13 Items 1 to 8 provide for amendments to be made to the *A New Tax System (Family Assistance) Act 1999*:

- Items 1 and 4 repeal the large family supplement component from the FTB Part A calculation process contained in clauses 3 and 25 of the *A New Tax System (Family Assistance) Act 1999*.
- Items 2 and 3 make consequential amendments to remove the large family supplement from the maintenance income test.

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12 EM, p. [7].

13 EM, p. [7].

14 EM, p. [2].

15 *House of Representatives Hansard*, 2 December 2015, p. 14424.

- Item 5 repeals clause 34 and 35 within Schedule 1 of the *A New Tax System (Family Assistance) Act 1999* (Division 1 of Part 5 of Schedule 1) which contains the eligibility and rate rules for the large family supplement.
- Items 6 and 7 repeal relevant indexation provisions that reference large family supplement in Schedule 4 of the *A New Tax System (Family Assistance) Act 1999*.
- Item 8 provides that the amendments to cease large family supplement apply for days on and after commencement of 1 July 2016.<sup>16</sup>

### ***Statement of compatibility with human rights***

1.14 The statement of compatibility with human rights (statement) included in the Explanatory Memorandum (EM) to the Bill, states that while the reduced rate of portability of FTB Part A engages the human right to social security, it is compatible with that right because the new six week period continues to allow families to access family payments for a reasonable period of time while overseas.

1.15 The statement also reviewed the ceasing of the large family supplement against the right to social security and the rights of the child and concluded that the amendment is compatible with relevant human rights because families will still be eligible for the per child payment of FTB Part A.

1.16 The Parliamentary Joint Committee on Human Rights (Human Rights committee) reviewed the statement contained in the EM in its report of 2 February 2016, and listed this Bill with others the Human Rights Committee considered:

...either do not raise human rights concerns; or they do not require additional comment as they promote human rights or contain justifiable limitations on human rights.<sup>17</sup>

### **Financial impact**

1.17 The measures are expected to generate savings of \$219.4 million over the forward estimates. This will be comprised of \$42.1 million in savings from the changes to portability of FTB and \$177.3 million in savings from ceasing the large family supplement. The EM does not indicate how many people are expected to be affected by the changes.<sup>18</sup>

### **Consideration of the Bill by other committees**

1.18 The Senate Standing Committee for the Scrutiny of Bills considered the Bill on 3 February 2016, and made no comments on the Bill.<sup>19</sup>

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16 EM, pp [8-9].

17 Parliamentary Joint Committee on Human Rights, [Human Rights Scrutiny Report](#), 2 February 2016, p. 2.

18 EM, p. [2].

19 Senate Standing Committee for the Scrutiny of Bills, [Alert Digest No. 1 of 2016](#), 3 February 2016, p. 39.

### **Conduct of the Inquiry**

1.19 In accordance with its usual practice, the committee advertised the inquiry on its website, and wrote to 170 organisations, inviting submissions to the inquiry by 5 February 2016. The committee received 10 submissions, all of which were published on the committee's website.<sup>20</sup> These submissions are listed at Appendix 1. The committee thanks those organisations who assisted with the inquiry.

### **Note on references**

1.20 Pages numbers vary between proof and official Hansard. Any reference to proof Hansard is marked as such.

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20 See: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/Family\\_Measures](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Family_Measures).



# Chapter 2

## Key issues

2.1 In speaking of the changes proposed in the *Social Services Legislation Amendment (Family Measures) Bill 2015* (Bill), the Minister for Social Services, the Hon. Christian Porter MP (Minister) stated that in 2015-16, the government will provide around \$20 billion in family tax benefit payments, and that:

These two budget measures, along with the reform package introduced recently by the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015, will improve the sustainability of family payments, while providing continued support to those most in need of assistance.<sup>1</sup>

2.2 While many submitters supported reforms to the family tax benefit (FTB) payments system to ensure it is simpler, fairer and better targeted, most submitters opposed the two measures proposed in the Bill and raised concerns with the overall potential impact on low income and/or vulnerable families, particularly Aboriginal and Torres Strait Islander families.

### Impact on low income and vulnerable families

2.3 Multiple submitters raised concerns that reductions in income assistance disproportionately impact low income families.<sup>2</sup> The St Vincent de Paul Society submitted:

While the current Bill correctly recognises that, for many people, the large family supplement and portability of Family Tax Benefit A don't provide a significant financial benefit, the government has failed to take into account the impact this will have on families on very low incomes.<sup>3</sup>

2.4 The Australian Council of Trade Unions (ACTU) agreed with this view and stated the Bill would:

...contain substantial cuts to family payments which will significantly disadvantage many families who rely on this financial assistance to achieve an adequate standard of living.<sup>4</sup>

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1 [\*House of Representatives Hansard\*](#), 2 December 2015, p. 14 422.

2 See: Western Australia Commissioner for Children and Young People, [\*Submission 1\*](#), p. [2]; Family Voice Australia, [\*Submission 2\*](#), p. 4; Children with Disability Australia, [\*Submission 4\*](#), p. 2; National Welfare Rights Network, [\*Submission 6\*](#), p. [3 and 7]; Welfare Rights Centre, [\*Submission 7\*](#), p. 2, Australian Council of Trade Unions (ACTU), [\*Submission 9\*](#), p. 2 and National Council of Women of Australia, [\*Submission 10\*](#), p.1.

3 St Vincent de Paul Society, [\*Submission 3\*](#), p. 2.

4 [\*Submission 9\*](#), p. 2.

2.5 The Refugee Council of Australia (RCOA) stated both provisions of the Bill will adversely impact refugee community members, who often travel overseas for prolonged periods and also often have large families.<sup>5</sup>

2.6 Children with Disability Australia (CDA) raised concerns that families with children with disability have increased costs of living, and recommended that 'further consideration should be given to families experiencing multiple disadvantage due to low income, cultural or linguistic status or other indicators of vulnerability.'<sup>6</sup>

2.7 FamilyVoice Australia commented on the provision of income assistance to families, proposing the general principal that during child-rearing years, self-supporting families should be assisted through tax rebates while low to no income families should be assisted through the welfare system.<sup>7</sup>

2.8 The National Welfare Rights Network proposed this Bill be reviewed in conjunction with other changes to social security payments:

In recent years, governments on both sides of politics have introduced a series of measures that have steadily undermined the adequacy of the family payments system. This affects the most vulnerable children in our communities whose parents and carers rely on family payments to help meet the costs of raising a family.<sup>8</sup>

2.9 The National Welfare Rights Network further stated support for 'careful and comprehensive review of the family payments program aimed at ensuring it provides adequate support to low income families, while minimising disincentives to take up paid work, especially for second income earners who are overwhelmingly women.'<sup>9</sup>

2.10 The Welfare Rights Centre estimated that the change to Family Tax Benefit (FTB) portability will impact around 34 200 families in 2016-17, while the removal of the large family supplement would impact 375 500 families in 2016-17.<sup>10</sup> In contrast, the ACTU submitted the removal of the large family supplement would mean that 125 000 families will lose, at least, \$321.50 a year.<sup>11</sup>

### **Impact on Aboriginal and Torres Strait Islander families**

2.11 Two submitters raised concerns that the measures in this Bill would have a disproportionate impact on Aboriginal and Torres Strait Islander families. The Western Australia Commissioner for Children and Young People (WA Commissioner) submitted that because the average size of families was 3.3 persons for Aboriginal families and 2.6 for non-Aboriginal families, the removal of the FTB

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5 Refugee Council of Australia, *Submission 8*, p. 1.

6 *Submission 4*, pp 1-2.

7 *Submission 2*, p. 4.

8 *Submission 6*, p. [3]. See also *Submission 10*, p. 1.

9 *Submission 6*, p. [3].

10 *Submission 7*, pp 1-2.

11 *Submission 9*, p. 2.

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Part A Large Family Supplement would therefore have a greater impact on Aboriginal families.<sup>12</sup>

2.12 The WA Commissioner went on to state that one-parent Aboriginal families also tended to be larger than one-parent non-Aboriginal families and recommended:

[C]onsideration for the retention of the large family supplement for vulnerable families, particularly large Aboriginal families. In the alternative I recommend that the government phase out supplements for existing vulnerable families over a period of time to minimise the impact of this change on already struggling families.<sup>13</sup>

### **Comments on specific measures**

2.13 The Bill seeks to:

- (a) Reduce the time for which FTB Part A will be paid to recipients who are outside Australia, known as portability, from the current 56 weeks to six weeks. Portability extension and exemption provisions that allow longer portability under special circumstances will continue to apply.
- (b) Cease the large family supplement component of FTB Part A.

#### ***Reducing the portability period***

2.14 While some submitters agreed that 'the present threshold of 56 weeks might be considered overly generous and not reflective of short-term absences from Australia' they also expressed concern that a six-week cut off may be too short, for example because many such families remain Australian residents for tax purposes.<sup>14</sup>

2.15 Other submitters also agreed that 'being overseas does not necessarily lessen someone's 'connection to Australia'; it does not imply that the person or family does not wish to return, or no longer identifies as Australian.'<sup>15</sup>

2.16 The National Welfare Rights Network acknowledges that

[T]his measure is likely to impact on very few families, as few have the means to travel for longer than six weeks at a time.<sup>16</sup>

2.17 The Chinese Australian Services Society Ltd (Chinese Society) expressed appreciation for the need for the Government to allocate limited resources, and agreed that families who receive FTB should have strong ties to Australia. However, the Chinese society also expressed concern that the reduction from 52 weeks to six weeks:

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12 *Submission 1*, p [2]. The Welfare Rights Centre agreed with the potential impact on Aboriginal and Torres Strait Islander families. See *Submission 7*, p. 2.

13 *Submission 1*, p. [2].

14 *Submission 2*, pp 4-5. See also Chinese Australian Services Society Ltd, *Submission 5*, p.2.

15 *Submission 3*, p. 2.

16 *Submission 6*, p. [5].

[D]oes not take into account those families going overseas for a relatively longer period of time, where they may still incur expenses in raising their children.<sup>17</sup>

2.18 The Chinese Society recommended the current provisions be retained, whereby the FTB rate is reduced to the basic rate after a six week absence, and the portability period is reduced to a total of 28 weeks. It also recommended establishing a mechanism to respond to possible hardship cases.<sup>18</sup>

2.19 The Welfare Rights Centre expressed concern that the proposed shortened portability period does not reflect the needs of multicultural Australia:

This Bill ignores the cultural realities of a 21<sup>st</sup> century multicultural Australia, with many people having close and extensive ties to families living in countries outside of Australia...overseas travel can be required in family emergencies, in cases of illness accident, natural disasters, and when care for relatives is required.<sup>19</sup>

2.20 The St Vincent de Paul Society argued that the six-week portability period was too short and pointed to the need for some parents of FTB-eligible children to travel overseas for longer periods than six weeks, to care for relatives or to receive medical treatment.<sup>20</sup>

2.21 RCOA questioned the impact the reduced portability period would have on refugee communities:

[I]t is common for refugee community members to be required to travel overseas for long periods of time to visit their relatives and other community members, who were not able to come to Australia. This is particularly important for those who have sick or dying relatives in secondary countries of asylum. As such, refugee communities may travel overseas for several months. This bill will impact their ability to receive family tax benefit while overseas, placing further barriers on people visiting their family members.<sup>21</sup>

2.22 The National Welfare Rights Network agreed with RCOA and submitted that 'the families affected will include some of the more vulnerable families in the community, such as new migrants and refugees who retain strong family ties overseas.'<sup>22</sup>

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17 *Submission 5*, p. 2. See also *Submission 9*, p. 4.

18 *Submission 5*, p. 2.

19 *Submission 7*, p. 1. See also *Submission 3*, p.2.

20 *Submission 3*, p. 2.

21 *Submission 8*, p. 1.

22 *Submission 6*, p. [5].

2.23 Submitters also identified potential flow on effects of the Bill. Eligibility for FTB is tied to other payments, so for some families the loss of income would be greater than the FTB Part A payment.<sup>23</sup>

2.24 The Explanatory Memorandum (EM) to the Bill states that reducing the portability period is consistent with the purpose of family assistance payments, which is to assist with the costs of raising children in Australia. Where families are outside Australia for significant periods of time, that purpose would not be met.<sup>24</sup>

2.25 The changes to reduce the portability period are also consistent with the portability period of other income assistance payments and rebates:

These provisions ensure that fairness remains at the centre of these reforms. Fairness has always been at the heart of our social security system. This realignment of the portability rules is a logical and fair change. It ensures that portability rules for most income support payments remain consistent across the board. This is important in simplifying what is already a confusing and complicated social security system.<sup>25</sup>

2.26 The EM also notes that the Bill retains the capacity for the Minister to extend the portability period in prescribed circumstances, such as where a person cannot return to Australia because they have been hospitalised.<sup>26</sup>

### ***Ceasing large family supplement***

2.27 Submitters raised concerns that ceasing the large family supplement would have negative consequences for large families, particularly for low income large families.<sup>27</sup>

2.28 The EM to the Bill provides data from reports by the National Centre for Social and Economic Modelling (NCSEM) published in 2002, 2007 and 2013, which found that larger families do not face higher per-child costs compared to other families.<sup>28</sup>

2.29 However, the WA Commissioner argued that the NCSEM report also found that:

...[T]he proportion of income spent on children increases as the number of children increases, with low income families spending a greater proportion of income of the children compared with higher income large families.<sup>29</sup>

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23 *Submission 3*, p. 2. See also *Submission 6*, p. [4] and *Submission 8*, p. 1.

24 Social Services Legislation Amendment (Family Measures) Bill 2015, [Explanatory Memorandum](#) (EM), p. [2].

25 Minister, [House of Representatives Hansard](#), 2 December 2015, p. 14 424.

26 EM, p. [4].

27 All submissions raised concerns with the potential negative impact of the Bill on low income large families.

28 EM, p. [2].

29 *Submission 1*, p. [2]. See also *Submission 6*, p. [6].

2.30 This view was echoed by St Vincent de Paul Society, who recommended the measure be rejected, but also put forward a second option where the large family supplement would be retained for low-income families.<sup>30</sup> CDA also agreed with this view, and added that the NCSEM data did not take into account the specific circumstances of families of children with disability.<sup>31</sup> National Council of Women of Australia also pointed to certain increased costs of larger families, such as larger, more expensive cars for families with four or more children.<sup>32</sup>

2.31 FamilyVoice Australia has pointed out that many large families rely on a single income, and therefore these families are likely to suffer compounding effects of changes being considered to FTB Part B rates and eligibility.<sup>33</sup>

2.32 RCOA raised concerns over the impact this measure could have on refugee families 'as there are a number of refugee communities which commonly have large families with more than four children.'<sup>34</sup>

2.33 The EM to the Bill states that the cessation of the large family supplement is consistent with recommendations to abolish the supplement made by the Henry Tax Review in 2010 and the Commission of Audit in 2014.<sup>35</sup>

2.34 In his second reading speech, the Minister noted:

The Henry tax review in 2010 recommended that the large family supplement be abolished, as the policy rationale behind the payment was not strong. The National Commission of Audit reiterated this position in 2014 by stating that the basic rates of FTB part A payment were sufficient for the costs of raising children...This [amendment] reinforces the logical and evidence based approach that the government takes to achieving policy outcomes.<sup>36</sup>

2.35 Additionally, as outlined in chapter one of this report, savings from this measure, combined with savings from other changes including additional family payments changes, would fund the \$3.5 billion *Jobs for Families* childcare package to 'provide greater choice for more than 1.2 million families by providing a simpler, more affordable, more flexible, and more accessible child care system.'<sup>37</sup>

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30 *Submission 3*, p. 4.

31 CDA, *Submission 4*, p. 2.

32 *Submission 10*, p. 1.

33 FamilyVoice Australia, *Submission 2*, p. 5.

34 RCOA, *Submissison 8*, p. 2.

35 EM, p. [2].

36 Minister, *House of Representatives Hansard*, 2 December 2015, pp 14423-14424.

37 The Hon Scott Morrison MP, Minister for Social Services, 'Job for Families child care package delivers choice for families', Media Release, 10 May 2015, <http://www.formerministers.dss.gov.au/15859/job-for-families-child-care-package-delivers-choice-for-families/> (accessed 27 January 2015).

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2.36 The need for improvements to the childcare system was acknowledged by the ACTU in its submission:

Universal access to government-funded paid parental leave is critical to maternal and child health and wellbeing and helps supports greater female workforce participation.<sup>38</sup>

### **Committee view**

2.37 The committee acknowledges concerns raised about the proposed reduction to the portability period, and the impact this may have on multicultural communities. However, the committee also notes the comments made by submitters about the overly generous existing portability period, and the relatively minor numbers of families likely to be impacted by this measure.

2.38 Furthermore, the committee concurs with the statements in the EM to the Bill, which outline that the reduced portability period will ensure family payments are targeted to families who have a stronger residence connection to Australia.

2.39 The committee notes concerns raised with ceasing the large family payment supplement on low income families. However, the committee also notes the data which shows that larger families do not face a higher per child cost, and that these families will continue to receive per child family assistance payments for each eligible child.

2.40 The committee notes the *Jobs for Families* package, and acknowledges the need for savings measures to fund this important reform which will help to support families to support themselves and reduce their dependence on welfare payments.

### **Recommendation 1**

**2.41 The committee recommends that the Bill be passed.**

**Senator Zed Seselja**

**Chair**

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38 *Submission 9*, p. 3.





# 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.<sup>1</sup> 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).<sup>2</sup>

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.

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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.<sup>3</sup>

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.<sup>4</sup>

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.<sup>5</sup> Children with Disability Australia highlighted the impacts of cuts to FTB on children with disability.<sup>6</sup>

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.<sup>7</sup>

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

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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.

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

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'.<sup>9</sup> 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.<sup>10</sup>

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.

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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](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**

# **APPENDIX 1**

## **Submissions received by the Committee**

### **Submissions**

- 1** Commissioner for Children and Young People
- 2** FamilyVoice Australia
- 3** St Vincent de Paul
- 4** Children with Disability Australia
- 5** Chinese Australian Services Society Limited
- 6** National Welfare Rights Network
- 7** Welfare Rights Centre Sydney
- 8** Refugee Council of Australia
- 9** Australian Council of Trade Unions
- 10** National Council of Women of Australia