



Australian Council of Social Service

20 November 2015

Committee Secretary

Senate Standing Committee on Community Affairs

By email: community.affairs.sen@aph.gov.au

Dear Committee Secretariat,

Re: Inquiry into the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015

Thank you for the opportunity to provide additional evidence to the Committee regarding the different impacts of the changes to family payments proposed in the 2014-15 Budget and those proposed in the current bill.

Our analysis of the 2014-15 Budget changes to family payments at the time found that:

- A **sole parent family** with youngest child over 6 years of age would be \$44 a week worse off (the loss of Part B offset by the proposed Sole Parent Supplement of \$14 per week), in addition to losses from the reduction in supplements (a loss of \$2.40 per week in the Part A supplement and \$1 a week from the Part B supplement), **totalling \$47 per week, in addition to losses over time from the freezing of maximum rates for 2 years.**
- A **couple family** with youngest child over 6 years of age would be \$58 a week worse off (due to the loss of Part B), in addition to losses from the reduction in supplements (a loss of \$2.40 per week in the Part A supplement and \$1 a week from the Part B supplement), **totalling \$61 per week, in addition to losses over time from the freezing of maximum rates for 2 years.**¹

We did not analyse the combined effect of all changes or the impacts on other cohorts (e.g. large families or higher income families), including the impacts of the removal of the large family supplement, removal of the extra child add on or tightening of the Part B income test.

Analysis of the changes to family payments proposed in the current Bill shows that, when all of the changes have come into effect in 2018:

- A **sole parent** with one child over 13 years will lose roughly \$2500 per year and a sole parent with two children will lose roughly \$3000 per year (**\$48 per week and \$58 per week respectively**);²
- A low income, single income **couple family** with one child over 13 will lose \$3500 and with two children will lose \$4000 per year (**\$67 per week and \$77 per week respectively**);³

¹ These figures are based on payment rates as at May 2014.

² See Professor Peter Whiteford, 'Family tax benefit savings trimmed, but families with teenagers hit hardest', *The Conversation*, 22 October 2015 at: <https://theconversation.com/family-tax-benefit-savings-trimmed-but-families-with-teenagers-hit-hardest-49496>.

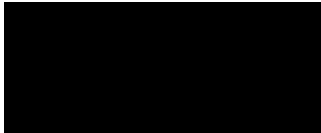
³ Ibid.



- For those families with children under 13 not affected by the Part B eligibility age changes, most will be worse off compared to their current position due to the loss of supplements. The Part A supplement is \$730 per year per child and will be offset by the Part A increase of \$262 per annum (a loss of \$468). The Part B supplement is \$354 per family. Therefore a dual income family with one primary school aged child will be \$468 a week or \$9 a week worse off. A single income family with a child under 13 years will be \$822 a year worse off, or \$16 a week.

To summarise, the current bill has a similar impact on single income families with children over 13 years compared with the 2014-15 budget measures. It will have a less harsh effect on single income families with children aged 6-12 years than the previous Budget, but these families will still be worse off than they are currently. Families with younger children will do worse under the current bill than the 2014-15 Budget measures due to the phase out of the supplements (with the exception of families with children under 1 year of age who will benefit from a \$1000 increase to Part B).

Yours sincerely,



Dr Tessa Boyd-Caine
Acting CEO