Australian Council of Social Service

10 December 2013

Senator Bridget McKenzie
Chair
Senate Education and Employment Committee
Parliament House
Canberra

Dear Senator,

Re: Social Services and Other Legislation Amendment Bill 2013

This short submission regarding the above Bill deals with the proposed changes to family payments.

While we welcome an Inquiry into the proposed changes, the extremely short time frame is of great concern, and means we are only able to offer the following brief comments and recommendations:

Schedule 9: Family payments

We recommend that the proposed extension of indexation pauses on certain higher income limits be **passed**. These mainly affect families on high incomes, above around $100,000 per year and it is important in the present budgetary environment that cash payments are targeted effectively to low and middle income families.

However, we are concerned about the freezing of the Supplements as these also benefit low income families. Although these supplements are poorly targeted (with the maximum rate extending to many families earning over $100,000 per year) many low income families rely on this additional financial support. We believe these payments should be better targeted and indexed to wages to ensure the payments keep pace with community living standards.

Attached is our recently released policy statement on reform of family payments, in which we advocate reforms along these lines. By better targeting family payments, we can increase the maximum rates paid to those on low incomes and reduce child poverty from the current unacceptable level of one in six children. This should include the restoration of indexation of maximum rates of Family Tax Benefit Part A to wage movements that was

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removed in 2009, so that payments for the poorest families do not continue to fall behind community standards.

We are also concerned about the increasing tendency to link eligibility for Family Tax Benefits (FTB) for low income families to school attendance. This is a feature of existing legislation (arising from recent legislative changes) rather than the present Bill. However, our strong preference is for Family Tax Benefits eligibility to be based mainly on age (expiring at 18 years in most cases) rather than school attendance or qualifications attained. This would be simpler for parents and would ensure that the poorest families do not drop out of the safety net due to problems at school.

Given the time constraints, we are unable to appear before the Committee to provide further evidence.

Yours sincerely,

Dr Cassandra Goldie
Chief Executive Officer, ACOSS