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President Gerardine (Ged) Kearney
Secretary Dave Oliver

20 November 2015

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Sent by email: community.affairs.sen@aph.gov.au

Dear Committee Secretary,

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

Thank you for the opportunity to contribute to this Senate Committee inquiry. The Australian Council of Trade Unions (**ACTU**) is the peak union body representing Australian workers and their families. The ACTU will not be providing a formal submission however we request that the Committee note our opposition to the *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015* (**the Bill**).

Family Tax Benefits A & B, Paid Parental Leave and childcare are all part of a suite of critical measures that are required to support families and working women at varying stages of their child rearing responsibilities. The proposed legislation, in its current form, relies on significantly reducing the much needed paid support for families with children of varying ages to shift funding to improvements to the childcare framework.

The proposed legislation contains substantial cuts to family payments which will significantly disadvantage many families who rely on this financial assistance and who would not benefit from increased childcare assistance.

The ACTU opposes, in principle, the premise that improvements to childcare assistance be funded through cuts to other vital family support mechanisms such as family tax benefits and paid parental leave.

This inequity was understood when parliament did not support the passage of the $3.5 billion childcare package in the 2014 budget which was contingent on cuts to Paid Parental Leave and Family Tax Benefits. These cuts included cuts to Paid Parental Leave, freezing family tax benefit payment rates, income eligibility thresholds, cuts to the end-of year supplement and stopping Family Tax Benefit payments when the youngest child reaches the age of six.

Although less punitive than the budget proposal in 2014, this Bill continues to inequitably cut family payments for certain groups of families in order to fund improvements to support for other families.

The ACTU notes that current Government funding for childcare falls well below the OECD standard. This underfunding must be addressed, but not by reducing the support for families in other, equally critical areas.

The ACTU has consistently advocated for improvements to tax revenue which is critical to ensuring the government can provide the necessary services and support the Australian public needs and deserves. Priority areas to improving the tax revenue base include addressing corporate tax avoidance and aggressive tax minimisation practices which cost the government billions of dollars annually.

Addressing these tax reform areas should be prioritised over cuts to much needed support programs for low and middle income families.

Children of all ages deserve the best start in life and it is incumbent on the government to support families to provide the best care and support to their children across the life stages of our future generation.

The ACTU is happy to discuss this issue further with members of the Committee. Should you wish to, please contact Belinda Tkalcevic, Director of Social and Economic Policy

Yours sincerely,

Ged Kearney
President