



Australian Government

Australian Government response to the
Senate Community Affairs Legislation Committee report:

Inquiry into the
Social Services Legislation Amendment (Family Payments Structural Reform and Participation
Measures) Bill (No.2) 2015

March 2018

Introduction

The Australian Government notes that the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No.2) 2015 (the Bill) lapsed on prorogation on 17 April 2016 and the Bill and its measures have been replaced with alternative family payments measures contained in the *Budget Savings (Omnibus) Act 2016* and the *Social Services Legislation Amendment Act 2017*.

The Bill, as introduced into parliament, contained the measures set out below:

1. Reform Family Tax Benefit Part A and at-home under-18 year old youth fortnightly rates

Family Tax Benefit (FTB) Part A maximum fortnightly rates would have increased by \$10.08 for each FTB child in the family aged up to 19. An equivalent rate increase, of around \$10.44 per fortnight, would apply to youth allowance and disability support pension recipients aged under 18 and living at home. These increases would have applied from 1 July 2018.

2. Restructure Family Tax Benefit Part B

From 1 July 2016, the Bill would have introduced a new rate structure for Family Tax Benefit Part B, and made other amendments to the rules for Part B, to:

- Increase the standard rate by \$1,000.10 per year for families with a youngest child aged under one;
- Maintain the current standard rates for families with a youngest child aged between one and 13;
- Maintain the current standard rate for single parents who are at least 60 years of age, grandparents and great-grandparents with a youngest child aged between 13 and 18; and
- Introduce a reduced standard rate of \$1,000.10 per year for individuals with a youngest child aged 13 to 16 who are not single parents aged 60 or more or grandparents or great-grandparents.

3. Phase out the Family Tax Benefit Part A and Part B supplements

The Bill would have phased out the Family Tax Benefit Part A supplement by reducing it to \$602.25 a year from 1 July 2016, and to \$302.95 a year from 1 July 2017. It would then have been withdrawn from 1 July 2018.

The Bill would have phased out the Family Tax Benefit Part B supplement by reducing it to \$302.95 a year from 1 July 2016, and to \$153.30 a year from 1 July 2017. It would then have been withdrawn from 1 July 2018.

Majority Report

The Committee's majority report recommended that the Bill be passed.

Labor Senators' Dissenting Report

The Labor Senators' dissenting report recommended that the Senate reject the Bill.

Australian Greens Senators' Dissenting Report

The Australian Greens Senators' dissenting report recommended that the Government consider adopting more evidence-based approaches to social policy, including through approaches such as the independent payments review recommended by the Australian Council of Social Service.

The Australian Greens Senators' dissenting report recommended that the Bill not be passed.

Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No.2) 2015

Recommendations contained in the Committee's Majority Report

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| 1. The committee recommends that the Bill be passed. |
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Response: *Supported.*

The Government notes that the Bill lapsed on prorogation on 17 April 2016 and the Bill and its measures have been replaced with alternative family payments measures contained in the *Budget Savings (Omnibus) Act 2016* and the *Social Services Legislation Amendment Act 2017*.

Recommendations contained in the Labor Senators' Dissenting Report

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| 1. Labor Senators recommend that the Senate reject the Bill. |
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Response: *Not supported.*

The Government notes that the Bill lapsed on prorogation on 17 April 2016 and the Bill and its measures have been replaced with alternative family payments measures contained in the *Budget Savings (Omnibus) Act 2016* and the *Social Services Legislation Amendment Act 2017*.

Recommendations contained in the Australian Greens Senators' Dissenting Report

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| 1. The Australian Greens recommend that the Government consider adopting more evidence-based approaches to social policy, including through approaches such as the independent payments review recommended by the Australian Council of Social Service. |
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Response: *Noted.*

The Government considers that the measures contained in the Bill are supported by evidence and recommendations contained in *A New System for Better Employment and Social Outcomes*, an independent review of Australia's Welfare system.

A key feature of this review was the structural reform and simplification of the family payments system, which underpins the measures contained in the Bill. Aligning of the fortnightly youth payments and phasing out the end of year supplements would simplify the family payment system by aligning similar payments and reducing the number of supplements in the welfare system.

The review also made recommendations around the ongoing sustainability of the welfare system. The savings measures contained in the Bill would have contributed to making the welfare system sustainable into the future.

The Government considers the package of Family Tax Benefit and dependent youth measures enhanced support for families and their day-to-day living expenses through reforming the supplements and increasing fortnightly payments.

The Government notes that the Bill lapsed on prorogation on 17 April 2016 and the Bill and its measures have been replaced with alternative family payments measures contained in the *Budget Savings (Omnibus) Act 2016* and the *Social Services Legislation Amendment Act 2017*.

2. The Australian Greens recommend that the Bill not be passed.

Response: *Not supported.*

The Government notes that the Bill lapsed on prorogation on 17 April 2016 and the Bill and its measures have been replaced with alternative family payments measures contained in the *Budget Savings (Omnibus) Act 2016* and the *Social Services Legislation Amendment Act 2017*.