

## **Family Assistance and Other Legislation Amendment Bill 2013**

*Introduced into the House of Representatives on 13 February 2013*

*Portfolio: Families, Housing, Community Services and Indigenous Affairs*

### **Summary of committee view**

1.70 The committee seeks clarification as to whether the reduction in the baby bonus is likely to have a negative impact on less well-off families and if so, the basis for considering that the reduction is a justifiable limitation of the right to social security in article 9 of the International Covenant on Economic, Social and Cultural Rights (ICESCR).

### **Overview**

1.71 This bill implements the government's changes to the baby bonus announced in the 2012-13 Mid-Year Economic and Fiscal Outlook. These changes are intended to maintain support for new parents with the upfront costs of having a baby, while ensuring the family payments system is sustainable into the future.

1.72 Specifically, the amount of baby bonus for any second and subsequent children who come into a family from 1 July 2013 will be reduced from \$5,000 to \$3,000. However, the baby bonus will continue to be paid at the rate of \$5,000 for a family's first child.

1.73 The bill also makes amendments to ensure family tax benefits are continued until the end of the calendar year that a child finishes school, and extends the qualification for the double orphan pension.

### **Compatibility with human rights**

1.74 The bill is accompanied by self-contained statements of compatibility, each of which addresses the human rights implications of the amendments proposed by the separate schedules to the bill.

1.75 The statements identify a number of rights which are said to be promoted by the bill, in particular the right to social security guaranteed by article 9 of the ICESCR and the rights of children to social security provided for in article 26 of the Convention on the Rights of the Child (CRC). The statement of compatibility also refers to the right to health in article 12 of the ICESCR, as well as to article 20 of the CRC which provides for special protection and assistance to children who are temporarily or permanently deprived of their family environment.

1.76 In general, the amendments proposed by the bill expand access to benefits, either by making them available to persons to whom they were not previously available, by extending the periods of eligibility for access to benefits by ‘customers’, or by allowing the payment of certain benefits to be brought forward.

*Retrogressive measure*

1.77 However, in one respect the bill proposes what might be viewed as a retrogressive measure or a limitation, namely insofar as it proposes to reduce the baby bonus from \$5,000 to \$3,000 for a second or later child (with some exceptions, such as multiple births). The statement of compatibility justifies this in the following terms:

The purpose of the amendments to baby bonus is to maintain support for new parents with the upfront costs of having a baby, while ensuring the family payments system is sustainable into the future. The amendments recognise that families do not face the same upfront costs for a second or later child as they do for their first child, with the more expensive items usually already purchased.<sup>22</sup>

1.78 The explanatory memorandum further explains:

The saving from this measure will support the future sustainability of the family payments system, which continues to deliver substantial assistance for low and middle-income families – including through paid parental leave, dad and partner pay, the schoolkids bonus and family tax benefit and child care payments.<sup>23</sup>

1.79 The explanatory memorandum notes that the changes to the baby bonus scheme are estimated to save \$505.9 million over four years from 2012-13 to 2015-16.<sup>24</sup>

1.80 The statement of compatibility does not provide any empirical data to support the claim that the expenses incurred with the arrival of a second or later child will be significantly less than the costs of a first child, making only a general claim to this effect. Further, the baby bonus payment is means-tested, and the reduction of the payment in relation to second and subsequent children may have a more severe effect on those families who are less well-off than on other families whose income is closer to the cut-off amount for eligibility for the payment. It does not appear from the explanatory memorandum or statement of compatibility that any attention was given to the differential impact of the changes on less well-off

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22 Statement of compatibility, p 1.

23 Explanatory memorandum, p 1.

24 Explanatory memorandum, p 2.

families in deciding on the amount of the reduction or the across the board implementation of the change.

**1.81** The committee notes that the reduction in the baby bonus was taken with the goal of making available resources to support the payment of other social security payments. However, the committee would have found it helpful to be provided with empirical data to support claims about the impact of the reduction in the baby bonus on families, in particular the impact on less well-off families.

**1.82** The committee intends to write to the Minister for Families, Housing, Community Services and Indigenous Affairs to seek clarification as to whether the reduction in the baby bonus is likely to have a negative impact on less well-off families and if so, the basis for considering that the reduction is a justifiable limitation on the right to social security in article 9 of the ICESCR.