

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

PJCHR comments: [Report 3/13](#), tabled on 13 March 2013

Response received: 3 May 2013

Summary of committee view

3.1 The committee thanks the Minister for her response and makes no further comment on this bill.

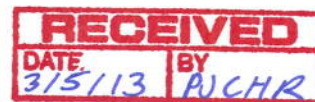
Background

3.2 This bill implements the government's changes to the baby bonus announced in the 2012-13 Mid-Year Economic and Fiscal Outlook. 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.

3.3 The committee sought 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).

Committee's response

3.4 The committee notes that the Minister's response does not distinguish between families who are less well-off and those that are well-off, but makes no further comment on this bill.



The Hon Jenny Macklin MP
Minister for Families, Community Services and Indigenous Affairs
Minister for Disability Reform

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MC13-003151

Mr Harry Jenkins MP
Chair
Parliamentary Joint Committee on Human Rights
S1.111
Parliament House
CANBERRA ACT 2600

1 MAY 2013

Dear Mr Jenkins *Harry*

Thank you for your letter of 13 March 2013 on behalf of the Parliamentary Joint Committee on Human Rights (the Committee) about the Family Assistance and Other Legislation Amendment Bill 2013 (the Bill).

You have sought clarification as to whether changes to the Baby Bonus for second and subsequent children are likely to have a negative impact on less well-off families, and if so, the basis for considering that the changes are a justifiable limitation of the right to social security in Article 9 of the International Covenant on Economic, Social and Cultural Rights.

The change to the Baby Bonus in the Bill will affect families who are having their second or subsequent child, with incomes up to \$150,000 a year, who do not receive Paid Parental Leave. It does not affect families having a first child when the upfront costs are higher.

The Baby Bonus is just one part of a significant package of welfare assistance provided by the Australian Government to low and middle-income families to assist with the costs of raising children. Other forms of financial assistance available to eligible parents are Family Tax Benefit, the Paid Parental Leave scheme, Parenting Payment and child care assistance.

As an example, a family on income support with two young children can receive the following assistance from the Australian Government:

- Parenting payment and Newstart allowance – up to \$23,395 a year
- Family Tax Benefit (Part A and B) – up to \$13,085 a year
- Rent assistance – up to \$3,756 a year
- Child care assistance – up to \$10,759 a year
- Other supplementary payments (pharmaceutical allowance, income support bonus, clean energy supplement) – up to \$733 a year

In 2013-14, in addition to estimated expenditure of \$0.65 billion on the Baby Bonus, it is estimated the Government will provide \$19.50 billion in Family Tax Benefit payments, \$1.56 billion in Paid Parental Leave scheme payments, \$5.11 billion in Parenting Payment, and \$4.97 billion in assistance through Child Care Benefit and Child Care Rebate.

It is through the provision of this assistance that the Government meets its obligations under Article 9 of the International Covenant on Economic, Social and Cultural Rights to provide social security to low and middle-income families with children.

The Committee may also be interested to know that an analysis conducted in 2012 by the Organisation for Economic Cooperation and Development (OECD) found Australia spent a greater proportion of its Gross Domestic Product on family benefits than the OECD average. The Australian Institute of Health and Welfare, in its 2011 analysis, estimated that Australia's per-person expenditure on family welfare in 2007 was twice the OECD average (\$1,373 compared with \$607). The most recently available OECD data published in 2013 indicates Australia's per-person expenditure on families remained higher than the OECD average after 2007. Moreover, Australia's social security system is considered to be the most effective in the OECD at targeting low-income households, with an OECD analysis showing 40 per cent of total spending on cash benefits going to the poorest 20 per cent of the population.

Thank you again for writing. I trust this information is helpful.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jenny Macklin', with a stylized, flowing script.

JENNY MACKLIN MP