

Coalition Senators' Dissenting Report

The Family Assistance and Other Legislation Amendment Bill 2013 makes a number of amendments to the A New Tax System (Family Assistance) Act 1999, including lowering the Baby Bonus for second and subsequent children from \$5000 to \$3000.

It is this Schedule of the Bill that is of most concern to the Coalition members of the Committee.

The Baby Bonus was introduced by the Coalition in 2002 as a direct response to the intergenerational reports which stated that in order to continue the economic growth of the nation, it was imperative for the government to focus its policy outcomes on population, participation and productivity. As population is a key contributor to economic growth, the Baby Bonus was implemented by the Coalition Government to raise Australia's declining fertility rate.

Since coming into power, Labor has repeatedly slashed the Baby Bonus in an attempt to find savings.

- In the 2008-09 Budget, Labour introduced a means test, restricting eligibility for the Baby Bonus, to families who earned under \$75 000 in the six months following the birth or adoption of the child.
- In the 2009-10 Budget, Labor paused indexation of the upper income limit of the Baby Bonus, fixing the six-month income threshold at \$75 000.
- In the 2011-12 Mid-Year Economic and Financial Outlook, Labor paused indexation of the Baby Bonus payment until 2014-15 and reduced the rate of payment from \$5437 to \$5000 per child.
- Labor announced in the 2012-13 Mid-Year Economic and Financial Outlook that it would seek to cut the rate of payment from \$5000 to \$3000 for second and subsequent children.

The Coalition members of the Committee are concerned about the potential economic impacts of Labor's cuts to the Baby Bonus. In their submission to the Committee, Family Voice Australia (Submission No. 2) highlighted data from the Australian Bureau of Statistics identifying the percentage of women having three or more children as a key driver of below replacement level total fertility rate, which has declined from 54 per cent in 1976 to 32.6 per cent in 2006.

Australia's fertility rate now sits at approximately 1.8 babies per woman, which is well below the replacement fertility rate of 2.1. As population is a key contributor to

economic growth, the Coalition members of the Committee are concerned that the removal of an incentive for families to have two or more children will have a detrimental impact on economic development. For these reasons, the Coalition members of the Committee believe it remains important to promote public policy outcomes that boost fertility rates.

The Coalition members of the Committee are also concerned that Labor's changes to the Baby Bonus will further limit choice for mothers, particularly for those who wish to stay at home and raise their children.

Labor has continually demonstrated that they are ideologically opposed to stay-at-home mothers, and have decided that mothers should have no choice but to go back to work. This goes against the practical experience of many Australian families.

Labor has tried to rationalise these cuts by arguing that the costs associated with second and subsequent children are less than for first-born children. Again, this goes against the practical experience of many Australian families. By seeking to argue the costs of second and subsequent children are reduced because items of clothing and equipment can be handed-down, Labor demonstrates a fundamental misunderstanding of the financial pressures faced by parents, and of practical realities of raising children.

The Coalition members of the Committee believe the cuts to the Baby Bonus contained within Schedule 1 of the Family Assistance and Other Legislation Amendment Bill 2013 are a cynical exercise by a Labor Government that fundamentally misunderstands Australian families and the financial costs associated with raising children.

Labor is not making these cuts as part of a particular policy vision or purpose; rather, it does so in an attempt to save \$505.9 million over four years to cover a hole in the Budget occasioned by the government's chronic waste and mismanagement.

Coalition Senators agree with the comment in the Report that most people would like to have more children than they end up raising and when planning children the most important consideration for both men and women is being able to afford to raise the child.

The Coalition members of the Committee believe that these cuts do nothing to alleviate these real considerations.

Coalition Senators believe that these cuts will have a significant detrimental impact on Australia's declining fertility rate, and, subsequently, on future economic growth and development.

For the reasons outlined above, the Coalition members of the Committee do not support the passage of this Bill.

Recommendation: that the Bill not be supported.

Senator Dean Smith

Senator Bridget McKenzie

