



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**  
**FAMILY AND COMMUNITY SERVICES**  
**LEGISLATION AMENDMENT**  
**(FAMILY ASSISTANCE AND**  
**RELATED MEASURES) BILL 2005**

**Second Reading**

**SPEECH**

**Thursday, 2 June 2005**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Thursday, 2 June 2005  
**Page** 42  
**Questioner**  
**Speaker** Plibersek, Tanya, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

**Ms PLIBERSEK** (Sydney) (12.07 pm)—I welcome the opportunity to contribute to the debate on the Family and Community Services Legislation Amendment (Family Assistance and Related Measures) Bill 2005. The bill seeks to make a range of amendments to social security law and the Veterans' Entitlements Act 1986 through a number of family assistance related measures. The most significant amendments in the bill are, firstly, the proposal to change the method of calculating family tax benefit part B for people who are returning to paid work in order to reduce the number of FTB part B debts that people have been incurring through overpayment and, secondly, the extension of eligibility for the maternity payment to include adoptive parents when the child is under two years old. The bill also contains minor consequential amendments which clarify that the maternity payment is not available if the former maternity allowance has already been paid for the child. The bill also includes a range of minor amendments to family assistance and rent assistance provisions.

The opposition broadly support the measures in this bill. A number of them were alluded to in the election campaign. We are very happy that they have been brought on now, more for the fact that they begin to address some very substantial structural problems with the payment of the family tax benefit and not that we think the measures in this bill are perfect. This is certainly not the way that we would have handled these problems, but we understand that there are a number of people in the community who have been overpaid. It is a substantial problem and we need to do something about it. This is also not the way we would have handled the maternity allowance for adopted children. The extension to two years of age, in my view, is inadequate. I believe the government should have extended the maternity allowance payment for adopted children beyond two years of age. This is an arbitrary and unnecessary cut-off. But, certainly, two years of age is better than the current cut-off point of 26 weeks.

I will speak briefly about the family tax benefit part B. This bill is a belated attempt to correct a problem where, if the secondary earner, who has been receiving family tax benefit part B during a period of absence from the work force or because they have never been in the work force, goes to work midway through the year, because they have estimated their income at the beginning of the year they will have been overpaid. Many of them end up with a debt. In some cases, the debt totally wipes out the family tax benefit part B that they have been paid. Of course, this is a significant disincentive to going back into the work force, but it is also a substantial strain on the family budget. Although we think the measures are not the best approach to dealing with this problem, we certainly see that it is a problem that needs to be dealt with—and this might be a good start. This change will say that, for the period that the person has been in the work force, they are eligible for family tax benefit part B and that period is treated as discrete from the period before they went back to work. It is another bandaid, it is another quick fix, but we have to make a start on doing something about this overpayment issue.

The fundamental problem, of course, is that people are expected to estimate their income at the beginning of the year. Frankly, I do not know very many people at all who can do that. It is difficult enough if you are on a salary but particularly difficult for people who are moving back into the work force, who are doing casual or part-time work and whose workload may increase during the year. That is almost impossible. As we know, most of these secondary earners are women and most of them return to the work force in a part-time or casual capacity. It is almost impossible for those people to predict what they are going to earn in a year, particularly if they are not expecting to rejoin the work force that year. It has led to substantial problems.

Even after the government attempted to fix this problem through the \$600 per child supplementary payment, 150,000 families still incurred a family tax benefit debt last year. What is worse than that and even more worrying is that these debts continue to grow. The average debt last year was over \$1,000 per family. You can imagine the sort of strain that that puts on the family budget. Someone has just returned to the work force and have all the associated expenses of returning to work—the child care, extra transport and work clothing which they had not had to pay for during their time out of the work force—and on top of that they end up with a family tax benefit debt of \$1,000.

The family tax benefit system is currently in such a mess that only four per cent of families are getting their correct fortnightly entitlement when it falls due. That means that 24 out of 25 families who get family tax benefit are either getting too much and incurring a debt at the end of the year or getting too little and having to wait until the end of the year to get a top-up payment. It is not a terrific record—24 out of 25 families incurring a debt or having to wait on a top-up payment. It is really not how a family assistance program should be designed. Genuine family assistance is about providing support to families when they need it, which means providing the correct payments when they are due each fortnight. Unfortunately, this bill does not actually address that problem at all. Instead we have another bandaid to fix a complex problem.

This measure will deal with one of the significant sources of family tax benefit part B debts. It does not do anything to address the problem that causes the debts in the first place, but it will remove some of those debts. This measure ensures that the parent returning to work retains eligibility for family tax benefit part B for the part of the financial year before they returned to work and that their income will reduce only the entitlement for the period after they returned to work.

The bill also contains several other minor amendments to family assistance provisions. Notable among these are amendments to lessen the impact of family tax benefit or child-care benefit debts that arise from the nonlodgment of income tax returns in situations where parents have separated. We have heard a number of stories of an ex-partner not lodging the relevant income tax return to enable the reconciliation of family tax benefit or child-care benefit. What has ended up happening is a debt being raised against the family. Obviously that is completely unfair when the partner who has been receiving the benefit is not in any position to enforce the lodgment of the other partner's tax return. The bill corrects this situation, removing another source of family tax benefit debts for some families. The bill also provides for the write-off of family tax benefit or child-care benefit nonlodgment debt where separation occurs more than two years after the end of the entitlement year and reconciliation cannot occur solely because the ex-partner has not lodged a tax return.

The bill includes two measures to improve the administration of the rent assistance program for social security and family tax benefit recipients. The bill contains amendments to prevent the possibility of rent assistance being paid to the same person twice, once with the person's family tax benefit and once with their social security or veterans affairs payment. Further amendments will clarify that, when a person fails to give the information regularly sought by Centrelink to confirm their ongoing rent assistance entitlement, the rent assistance component of their family tax benefit or social security payment may be cancelled rather than the whole benefit or payment being cancelled, as is currently the case. We are not particularly impressed by the government's approach to dealing with these problems, but we recognise that the overpayment of family tax benefit is a substantial problem that needed to be addressed. We will be supporting any measures that make a start in addressing that problem.

I want to turn to the second major part of this legislation, which is the extension of eligibility for maternity payment to Australians who adopt children under the age of two. Until now a parent who has adopted a child has faced the same restrictions as a parent who has given birth to a child: they have had to claim the maternity payment for a child less than 26 weeks old. We welcome the extension to two years but we do not believe that the extension goes far enough, so I am foreshadowing a second reading amendment criticising the government for not removing the age limit altogether. I will be moving that at the end of my remarks.

This extension to the age of two years suffers from the same problem that the original legislation suffered from: adoptive parents have very little control over the timing of the arrival of a child into their family. It means that many Australian parents may be ineligible for the maternity payment simply because the adoption papers have not come through or travel arrangements for the child have not been finalised. There are any number of reasons for delay when it comes to adopting children, particularly when adopting children from overseas, that are absolutely no fault of the family. The thing to recognise and remember in these circumstances is that, firstly, often parents have spent a great deal of money on assisted reproduction technology and then, after that has failed, a substantial amount of money on the actual overseas adoption. Secondly, in most circumstances, parents who adopt from overseas are expected to leave the work force for six to 12 months, so the strain on the family budget is perhaps greater than it is when a spouse has given birth to a child in Australia. The costs of having a child are not reduced as the child gets older. In fact, they increase. As one of our correspondents says, it is not cheaper to buy a bed than a cot and it is not cheaper to buy children's clothes than clothes in other sizes.

Labor believes that this two years of age mark is quite arbitrary. It does not make sense, and certainly there is nothing in the explanatory memorandum which outlines why two is a fair and rational age at which to cut off adoptive parents' eligibility for the maternity payment. Why two? Why not three or four? The reality is that,

given the very small number of children that are affected and the very small number of families that fall into this category, it seems rather ungenerous to introduce this arbitrary cut-off age which seems to have simply been plucked out of the air. For this reason I will be moving a second reading amendment to highlight Labor's concern that some adoptive parents who suffer the very large financial burdens of adopting a child will still miss out because the government persists with the age test, despite the fact that waiving the age limit entirely is obviously the much fairer course to adopt.

I also want to point out that, while there is a maternity policy now, Labor had to lobby very long and hard throughout 2003 and 2004 for the government to provide any financial assistance to new mothers. Two months after Labor announced its intention to introduce a baby payment last year, the government entirely collapsed in their opposition to paid maternity leave or a baby payment and essentially copied our policy. That is great. I have no objection to the government copying Labor policy in this respect or in any other, because, at the end of the day, if they are copying our policy they are probably doing something good for the working people of this country.

Unfortunately they did not copy the policy in its entirety, and the government's policy is not as fair as Labor's policy. At the time, we drew attention to the fact that the government's policy is not means tested. The same amount is paid to all mothers, regardless of their income or their needs. In this country we have generally paid greater benefits to those who have greater need. Certainly when it comes to the costs of having a new family, it is plain that someone on \$25,000 a year needs a whole lot more help than someone on \$125,000 a year. I would not have thought I needed to point that out to the government.

The other main criticism with the baby bonus, as it is called, is that it is much too administratively complex. I do not know whether many members opposite have sat down with this form and had a look at filling it in. It runs to 20 pages, which is extraordinary given that everyone gets it anyway. I do not know why you need to fill in a 20-page booklet about a payment that you are automatically entitled to if your child is an Australian citizen born to an Australian citizen. The booklet includes questions such as: 'Have you been on any overseas trips in the last five years?' Can anyone tell me why parents who are struggling with a new baby, often for the first time, having sleepless nights and maybe trying to do a bit of work as well, have to sit down and comb through their fuzzy memories—fuzzy from lack of sleep—to work out whether it was five years ago or six years ago that they took the other kids to Disneyland?

All new mothers receive their payment as a lump sum. There have been a number of problems identified with this. Labor predicted many of them beforehand. It is absolutely fair to say that the majority of parents, if you give them \$3,000, are going to spend it wisely. I have got to say: in the circumstances we have seen where this has not occurred, the problems for the children are very substantial. There was a story in the Sydney media a few weeks ago concerning an organisation called community resources network, which works with young women in the western suburbs of Sydney and did a little survey amongst the young women that it helps and represents. One of the women planned to spend the \$3,000 baby bonus on a holiday. Two of them—under the age of 18—were planning to get pregnant because they were keen to buy cars. One of them spent her \$3,000 baby bonus on buying a pure-breed dog of some sort and having it shipped from interstate. She had always wanted such a dog and she thought the dog could grow up with her baby. It was her reward to herself for having a baby. These are extreme examples. I understand that they do not represent the majority of parents, and I certainly do not want to get into stereotypes of irresponsible young mothers or whatever, but it is a fact that if the bonus were paid over 14 weeks—as was the Labor proposal—the likelihood of money being spent on rent, food, nappies and other things that you need for babies would be much greater than it is when you give people a \$3,000 lump sum payment.

The maternity payment is far from perfect, and we put our criticism on the record at the time. I want to turn back to the fact that it is only paid to adoptive parents if the child is under the age of two. We have received—and I am sure members opposite have also received—a lot of correspondence about the inequity of this measure, both before the election campaign and since. I want to give the House a sample of the sorts of things that we received. A lady whose first name is Karleen—I will not put her whole name on the record—wrote to say that, for adoptive families, the cut-off age:

... does not address the issue of adoptive families just wanting to be treated like every other family and be supported by their government when a new child joins their family, regardless of how old they are.

She wrote to her local member, Mr Ticehurst, and said:

The age limit needs to be removed. Removing the age limit is in line with the original purpose of the maternity payment which is to provide some form of financial support for families due to loss of an income (meeting obligations under the

International Labor Organisation's Maternity Protection Convention). Since \*all\* adoptive families are required to have one parent as primary care giver for 6-12 months by their state government regardless of the age of the child providing maternity payment to all families is \*entirely\* in line with the government's purpose for maternity payment. Adoptive families forgoe an income when they adopt a child, regardless of how old their child is at placement. They also have all the costs involved in buying goods associated with a new child joining their family. Bigger clothes are not cheaper than baby clothes, beds are not cheaper than cots, baby toys are not cheaper than the educational toys that a family might buy for their child who has been living in a deprived environment and is developmentally delayed! Dental work (often extensively needed in children from orphanages) is expensive and is not required by biological families with new babies. The costs of adoption are extensive, upwards of \$20000 in most cases and not cheaper for an older child than a baby.

She went on to argue, very convincingly and movingly, for the removal altogether of an age limit.

We were also written to by an organisation called World Families Australia, who said:

We are requesting a change to the terms of eligibility for the maternity allowance and other allowances ...

Firstly, it is claimed that the one off tax-free maternity allowance payment is intended to assist families with the financial costs of a new child. The costs associated with adding a child to the family through overseas adoption far exceed those incurred through giving birth to an infant. If the maternity allowance is intended to assist with the additional costs incurred through having a new baby, parents of adopted children should be given at least an equivalent amount of assistance.

Secondly, the requirement that for parents to be eligible for the maternity allowance the child must be under twenty-six weeks when s/he comes into their care is unrealistic and therefore discriminatory when applied to inter-country adoptions.

The organisation goes on to say:

Currently children of all ages, orphaned or abandoned due to disastrous conditions in their countries of birth, are being adopted into Australian families. The fact that a child is over the age of 26 weeks at the time of his/her arrival does not diminish the expenses for the family. Nor in any way are the children less valued by those families and we would like the terms of eligibility to reflect this.

... ..

As Australian citizens, voters and taxpayers we wish to be assured, that with respect to all Centrelink payments, our adopted children, no matter at what age they join our families, will be treated equitably by the government as valued new members of Australian families.

It is really not that much to ask, is it?

I want to finish with a few quotes from a letter from another woman, Juliette, from the ACT. She says:

I have seen in recent times Government spokes-people appearing in the media to suggest that they will be addressing the inadequacies of the Baby Bonus payment as it applies (or doesn't apply) to adoptive parents. I believe the current policy states that only parents adopting children younger than six months of age are eligible for the payment.

... ..

My husband and I hope to adopt from China and our child will be no less than 12 months old. Despite the huge cost to us to bring this child into our lives we will not be supported by the Australian Government as the child will be older than six months of age ...

For those of us who spend countless dollars on unsuccessful fertility treatments and then tens of thousands of dollars on the cost of adopting a child from an overseas country I am appalled at the lack of support the Government provides to us as parents. Any person giving birth naturally is guaranteed financial support upon the birth of their child through the Baby Bonus scheme. In not supporting those of us without a say in the age of our children at allocation, I feel that the Government's policy is unjust. It is the country overseas that decides the age of our adopted children and not us. Surely the Australian Government should support ALL parents and not just those who are able to give birth to their children or welcome younger babies into their lives.

It is very important, I believe, to recognise that the limitation that the government has put in setting the age at two years is arbitrary. Maybe it would be explicable if there were some enormous savings measure associated with it, but the marginal difference between extending the age to two years and getting rid of it altogether really does not merit the discrimination that has been perpetuated in this legislation. Therefore, I move:

That all words after "That" be omitted with a view to substituting the following words:

“whilst not declining to give the bill a second reading, the House calls on the Government to remove the age test for the maternity payment in relation to Australians who adopt children, including children from overseas, as the current policy results in Australians who adopt children over the age of two missing out entirely on this payment through no fault or omission on their part”.

**The DEPUTY SPEAKER (Mr Baldwin)**—Is the amendment seconded?

**Ms Livermore**—I second the amendment.

**The DEPUTY SPEAKER**—The original question was that this bill be now read a second time. To this the honourable member for Sydney has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.