



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

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

Second Reading

SPEECH

Wednesday, 29 May 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Macklin, Jenny, MP

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Ms MACKLIN (Jagajaga—Minister for Families, Community Services and Indigenous Affairs and Minister for Disability Reform) (18:31): The Family Assistance and Other Legislation Amendment Bill 2013 makes changes to the baby bonus, announced in the 2012-13 Mid-Year Economic and Fiscal Outlook. I will shortly be moving government amendments to add to this bill two measures affecting families that were announced in the 2013 budget package: a more sustainable family payment system.

Since coming to government we have worked hard to modernise the family payment system. We have restructured and improved assistance to deliver more help to low- and middle-income families when the cost of raising children put the most pressure on the family budget. We have delivered Australia's first national paid parental leave scheme and increased the child care rebate from 30 per cent to 50 per cent of out-of-pocket costs up to \$7½ thousand per child per year, the schoolkids bonus to help families with the cost of their children's education, higher payments for families with teenagers to encourage them to stay at school, family payment increases as part of our Household Assistance Package and tax cuts to millions of working families.

We have made responsible decisions over a number of budgets to better target family payments while also delivering record levels of assistance to low- and middle-income families who need it most. The savings from these budget reforms will be redirected to deliver the government's A National Plan for School Improvement to benefit our classrooms, teachers and kids for generations to come.

As announced in the 2012 Mid-Year Economic and Fiscal Outlook, the baby bonus for second and subsequent children who come into a family from 1 July 2013 will be reduced to \$3,000 but will continue to be paid at the rate of \$5,000 for a family's first child. New family payment arrangements to be introduced through government amendments will mean the baby bonus will cease from 1 March 2014. In place of the baby bonus families who are eligible for family tax benefit part A who are not accessing the paid parental leave scheme will receive an additional loading on their payment to help with the upfront costs of having a new baby. The extra family tax benefit part A payment will be \$2,000 for a family's first child and for each child in a multiple birth and \$1,000 for second and subsequent children. It will be paid as an initial instalment of \$500 with the remainder rolled into normal fortnightly payments over a three-month period. Payments for parents of a stillborn child will be delivered in full as a lump sum.

This decision delivers on a recommendation from the 2010 Australia's Future Tax System Review, known as the Henry review, which found the baby bonus provides more assistance than is necessary to cover the cost associated with the new child and recommended that assistance be restructured when the government delivered a national paid parental leave scheme.

We are also making changes to the work test under the paid parental leave scheme, making it easier for working mothers with children born close together to qualify for parental leave pay for subsequent children. These changes will allow parents to count periods of parental leave pay as work under the work test just as employer-funded parental leave entitlements can be counted under the current rules.

These amendments also reduce the claim period for family assistance lump sum claims. Families choosing to wait until the end of the financial year to claim their family tax benefit or child care benefit entitlements will now have a grace period of one year instead of two years in which to claim. This change will start from the 2012-13 entitlement year, meaning families will have 12 months from the end of that year until 30 June 2014 in which to claim their entitlement. Families will also have one year in which to lodge their tax returns if they are to receive the end-of-year family tax benefit supplement and meet immunisation and health check requirements linked to the end-of-year family tax benefit part A supplement. The vast majority of families already meet the new claim period and will not be affected. Families will be affected by this change only if they wait longer than 12 months to claim family tax benefit or child care benefit for the previous financial year or to lodge their tax return.

Families will be able to access extensions in special circumstances, similar to arrangements for tax returns. This change brings family payment claims periods more into line with time limits for lodging tax returns before penalties may be imposed and with the policy intent of the family assistance program to assist parents with the day-to-day costs of raising children.

The original bill also included minor amendments which were outlined in my second reading speech. The government is pleased that the opposition has decided to support the bill and the amendments. I am surprised that the opposition has expressed opposing views on each of these changes over the course of the last few weeks, but nevertheless I am pleased to see that the amendments will go through. We have seen the shadow minister railing against changes to the baby bonus. He was then rolled by the shadow Treasurer, but then we saw the shadow Treasurer railing against the increase to family tax benefit part A payments for families with newborns before being rolled by the shadow minister.

All of this comes from a party room still being part of an ongoing revolt against their leader's unfair and costly paid parental leave scheme which rewards wealthy women and leaves ordinary women behind. By contrast, this government is making sensible changes to our family payment system to make sure that every Australian gets a fair go, not just those who can afford it. We are making the responsible decisions that will see better schools and DisabilityCare have long-term funding certainty. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.