



St Vincent de Paul Society
NATIONAL COUNCIL *good works*

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Submitted electronically
29 February 2016

Social Services Legislation Amendment (Family Measures) Bill 2015

The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 149 countries around the world. Our work in Australia began in the 1850s, and covers every state and territory, carried out by more than 65,000 members, volunteers, and employees. Our people are deeply committed to social assistance and social justice, and our mission is to provide help for those who are marginalised by structures of exclusion and injustice. Our programs assist millions of Australians each year, including people living with mental illness, people who are homeless and insecurely housed, migrants and refugees, and people experiencing poverty.

On 7 December 2015, the Society was invited to make a submission to the Inquiry into the Social Services Legislation Amendment (Family Measures) Bill 2015. We are pleased to present this report, and request to appear before the Committee to provide further evidence.

Executive Summary

The Society supports a sustainable federal Budget, and reigning in expenditure or revenue foregone to those who do not need it, like the wealthiest Australians, large corporations, and structures designed to avoid tax such as trusts and superannuation churning. But sustainability does not mean cutting from those who need it most. We will always support **income adequacy for all Australians**. That is, regardless of their age, family status, whether they are temporarily out of the country, or how they are or aren't employed, people deserve support from their government that enables them to enjoy a basic standard of living. While the current Bill correctly recognises that, for many people, the large family supplement and portability of Family Tax Benefit A don't provide a significant financial benefit, the government has failed to take into account the impact this will have on families on very low incomes. The Society cannot stay silent as these payments, which provide essential support for those children living in households below the minimum wage, are ripped away. For this reason, the Bill must be rejected, or amended to ensure that it doesn't disproportionately impact those who are already experiencing significant struggles in our deeply unequal economic system.

Amendment 1

The removal of Family Tax Benefit A from families who are overseas for more than 6 weeks (cut from the current 56 weeks) will have a significant and detrimental impact on some low-income parents and children. What we know from our work with low-income families is that often parents and children have to go overseas for reasons outside their control. Unlike the Explanatory Memorandum's claim, being overseas does not necessarily lessen someone's 'connection to Australia'; it does not imply that the person or family does not wish to return, or no longer identifies as Australian. For example, some parents we assist have to go overseas for long periods to care for relatives, or to receive medical treatment themselves. This Bill appears to remove payments for their children – even if those children remain in Australia. This is grossly unfair, and doesn't reflect the reality of multicultural Australia, and a globalised world, where identity is more than where you live.

Case study – true story from our volunteers in Victoria

Laela is a year 2 student living in Melbourne with her family. Last year, she was diagnosed with bone cancer and had a major operation in September. Laela is presently undergoing chemotherapy and her father (who was working full-time) has left his job to stay home to care for her and take her to hospital for the ongoing treatment.

Laela's mother Sameena has a full-time job as a cleaner in a local hospital and earns about \$750 per week [slightly more than the minimum wage]. They pay \$310 per week in rent and \$210 for childcare for Laela's brother to enable Sameena to go to work. The family is really struggling with their finances at the moment and has difficulty paying their electricity and other bills.

And things are about to get worse. Sameena has just found out that her mother, who lives overseas, is on her deathbed, and so Sameena is going to have to take time off work to travel away from Australia and spend with her mother one last time.

This is just one of many examples of Australian families who will risk losing up to \$6,000 per year if this Bill is passed. In fact, as FTB eligibility is also tied to other payments, the impact on some families will be even greater than the loss of up to \$240 per fortnight identified in the Bill.¹ With nearly 18% of children living in poverty in Australia,² we are gravely concerned that this amendment will potentially remove payments from a large number of people who have already been excluded from prosperity due to our imbalanced economy, particularly those from multicultural backgrounds.

In our view, the simplest procedural change at this point is to reject the amendment in its entirety.

Amendment 2

The second change proposed by the Bill is to take \$177 million from families over four years, by removing the Large Family Supplement. We opposed the change that took this payment away from families with three children, and continue to stand against this attack on working families. While we don't disagree with modelling showing that larger families do not face higher costs per child,³ it is disingenuous for the government to claim that the removal of this supplement is therefore sensible policy. The fact remains that there are over 600,000 children in poverty in Australia today,⁴ with more than 50,000 of these living in families

¹ Department of Human Services, *Family Tax Benefit Rates* at <http://www.humanservices.gov.au/customer/enablers/centrelink/family-tax-benefit-part-a-part-b/ftb-a-payment-rates#a3>.

² ACOSS, *Poverty in Australia* (2014) at http://acoss.org.au/images/uploads/ACOSS_Poverty_in_Australia_2014.pdf.

³ NATSEM, *Cost of Kids: The Cost of Raising Children in Australia* (May 2013) at http://www.natsem.canberra.edu.au/storage/AMP_NATSEM_33.pdf

⁴ ACOSS, above n 2.

with more than four children.⁵ These parents and children will be hit very hard by the loss of the supplement. The loss of this payment must be part of a broader reform of the system that provides income adequacy to these families who are struggling to make ends meet, as the Henry Tax Review recommended.⁶

As with the first amendment, the simplest approach would be to reject the measure in its entirety. A second option would be to exempt low-income families from the change, to ensure that the more than 50,000 children already living in poverty are not excluded further by the government's approach.

Conclusion

Long-term, the only solution to alleviating poverty in Australia is **income adequacy for all**. Families who are excluded should not be reliant on supplements like the Family Tax Benefit to get by. Newstart must be raised by at least \$50 per week. The minimum wage must be adequately indexed. Single parents on Newstart must have their Parenting Payment reinstated. And we need a **Jobs Plan for Australia**: the market has quite clearly failed to deliver the types of secure, meaningful employment opportunities needed by the 2 million Australians who are currently looking for more work.⁷

⁵ These numbers are very hard to find. However, we know that about 5% of families have 4+ children at home, and the average number of children is around 2.6, which means that around half of families have 3 or four children. Using differentiation, this means at least 8% of children live in families with four or more children. See data at Australian Institute of Family Studies, *Australian Data Trends* (June 2013) at <https://aifs.gov.au/publications/australian-families-children-and-adolescents>

⁶ Henry et al, *Australia's Future Tax System* (2010) ch F at http://taxreview.treasury.gov.au/content/FinalReport.aspx?doc=html/publications/Papers/Final_Report_Part_2/c_hapter_f1-2.htm

⁷ Noting concerns about the ABS process for seasonal adjustment of these figures, this statistic comes from recent findings from Roy Morgan, taken from their own primary research, at Roy Morgan, *Unemployment Estimates* (April 2015) at <http://www.roymorgan.com/findings/6221-roy-morgan-unemployment-estimates-april-2015-201505050235>.