

Additional Comments by Labor Party Senators

1.1 Labor Senators on this committee note the recommendation of the Chair's report.

1.2 Family Tax Benefit (FTB) payments, both Part A and Part B play an important role by assisting parents with the cost of raising children.

1.3 Labor Senators note the evidence presented by the Department that the freeze on the indexation of FTB supplements would impact an estimated 1.2 million FTB A families and 1.2 million FTB B families in the 2018-19 financial year.

1.4 Labor Senators on the committee have serious concerns about the broad effect the measures in the Bill could have on low income families.

1.5 In their submission to the Inquiry, St Vincent de Paul noted the unacceptably high incidence of child poverty in Australia. They wrote:

Despite being one of the wealthiest countries in the world, around 17.4 per cent (731,300) of all children in Australia are living in poverty, an increase of 2 percentage points over the past decade. The rates of poverty are highest among single parent households, with more than one in three (40.6 per cent) children in lone parent families living below the poverty line. Since 2012, the poverty rate for children in lone parent families has gone up from 36.8 to 40.6 per cent.¹

1.6 The committee received evidence from the National Social Security Rights Network and the National Council of Single Mothers and their Children that extending the indexation pause on the end of year supplements for both FTB A and B would exacerbate stress for families who rely on these supplements to bolster their income.²

1.7 The extension of indexation pause to the end of year supplements for both FTB Part A and Part B are therefore of concern.

1.8 St Vincent de Paul presented evidence that this measure 'will have the greatest adverse effect on low-income families'.³

1.9 The impact of freezing the indexation of the supplements would fall most heavily on lower income families. This is particularly true for FTB A families, where the supplement is relatively larger, paid per child and only available to families with a combined income of up to \$80 000.

1.10 Labor Senators are of the view that any measure which could potentially exacerbate this situation should be avoided.

1 St Vincent de Paul Society National Council, *Submission 5*, p. 2.

2 National Social Security Rights Network, *Submission 1*, pp. 1, 2; National Council of Single Mothers and their Children, *Submission 2*, p. 5.

3 St Vincent de Paul Society National Council, *Submission 5*, p. 2.

1.11 Labor Senators also note that the impact of freezing the indexation of thresholds for Paid Parental Leave, Dad and Partner Pay will impact people with an individual income of over \$150 000. In addition, the freeze in the FTB B Higher Income Earner Limit will impact families where the primary income earner has a taxable income of \$100 000 or more.

Conclusion

1.12 Labor Senators recommend the Senate does not support the freezing of the indexation of Family Tax Benefit supplements which would have the greatest impact on low income families.

Senator the Hon Lisa Singh

Senator Murray Watt