Social Services Legislation Amendment (Omnibus and Child Care Reform) Bill 2017

Fact Sheet

Families

Reform Family Tax Benefit Part A and at home under 18 year old youth fortnightly rates

Family Tax Benefit (FTB) Part A fortnightly rates will be increased by $20.02 for each FTB child in the family aged up to 19. An equivalent rate increase, of around $19.37 per fortnight, will apply to certain youth allowance and disability support pension recipients aged under 18. These increases will apply from 1 July 2018.

The standard FTB child rate for an individual whose family tax benefit is calculated under method 1 is set out in clause 7 of Schedule 1 to the Family Assistance Act. There are two different FTB child rates, depending on whether the FTB child is under 13 or has reached 13 years of age. These FTB child rates are referred to as 'FTB child rate (A1)' for the purposes of indexation under Schedule 4 to the Family Assistance Act.

From 1 July 2018, these rates will be increased by $521.95 a year (equivalent to $20.02 per fortnight). The increase will be applied to these FTB child rates after they have been indexed on 1 July 2018 in accordance with the usual rules.

Youth allowance is calculated under the Youth Allowance Rate Calculator in section 1067G of the Social Security Act. The tables in points 1067G-B2 and 1067G-B3 set out a person's maximum basic rate, depending on their situation and whether or not they are independent.

Key facts

- The government is increasing the maximum fortnightly payment rates of family tax benefit part A by $20.02 for each child in a family aged up to 19.
    - What this means is that around 1.2 million lower income families (including income support families) who receive family tax benefit part A for around 2.2 million children will now receive higher fortnightly payments from 1 July 2018.
    - The increase in fortnightly payments will help families better manage their day-to-day and week-to-week budgets by providing them with timely, regularised assistance when they need it the most.
    - An equivalent rate increase will also apply to around 16,600 recipients aged under 18 for Youth Allowance and Disability Support Pension.

- The measure will commence from 1 July 2018 and is estimated to cost $2.4 billion to 2019-20.

More information

For more information about Family Tax Benefit, visit the Department of Human Services website https://www.humanservices.gov.au

Reforms to Family Tax Benefit Part B

This measure will introduce a reform to Family Tax Benefit (FTB) Part B that removes entitlement to FTB Part B for single parent families, from 1 January of the calendar year their youngest child turns 17.

Recipients aged 60 and over, grandparent carers and great grandparent carers are exempt from this change and will continue to receive FTB Part B.

The Government will not proceed with proposals for a reduced rate of FTB B for single parents with a youngest child aged between 13 and 16.

Under the current rules, an individual's standard rate of Family Tax Benefit Part B is worked out using the table in clause 30 of Schedule 1 to the Family Assistance Act. There are two different rates, depending on whether the individual's youngest FTB child is under five years of age or five years and over. An FTB child who has turned 16 is disregarded for the purposes of family tax benefit Part B unless they are a senior secondary school child (as defined in section 22B of the Family Assistance Act) and the calendar year in which the child turned 18 has not ended.

From 1 July 2017, amendments made by this Schedule introduce a new rate structure for family tax benefit Part B.

Under the new structure, single parents who are under 60 and not grandparents or great-grandparents will be able to access Family Tax Benefit Part B for an FTB child who is a senior secondary school child until the end of the calendar year in which the child turns 16 (rather than until the end of the calendar year in which the child turns 18 which is the current rule).

Key facts

- Single parent families with older children will only be able to receive Family Tax Benefit Part B until the end of the calendar year their youngest child turns 16 years old.
- These families will still receive family tax benefit part A for each eligible child.
- This better targets family tax benefit Part B by encouraging single parents with older teenagers to move into the workforce or increase their workforce participation.
- Single parents aged at least 60 years of age and grandparents and great-grandparents will continue to access family tax benefit Part B at the current rate until the end of the calendar year their youngest child turns 18.
- This recognises that grandparent carers and single parents who are 60 and over take on a large responsibility when caring for children but also are somewhat less likely to be working and are more likely to be retired.
- This measure will commence from 1 July 2017 and is estimated to save $440 million to 2019-20.

More information

For more information about Family Tax Benefit, visit the Department of Human Services website https://www.humanservices.gov.au

Phase out the Family Tax Benefit Part A and Part B Supplements

This measure will phase out the Family Tax Benefit (FTB) Part A supplement by reducing it to $602.25 a year from 1 July 2016, and to $302.95 a year from 1 July 2017. It will then be withdrawn from 1 July 2018.

The Family Tax Benefit Part B supplement will also be phased out. It will be reduced to $302.95 a year from 1 July 2016, and to $153.30 a year from 1 July 2017. It will then be withdrawn from 1 July 2018.

Starting in 2016-17, the end-of-year Family Tax Benefit Part A and Family Tax Benefit Part B supplements will be phased out. These amounts will not be available from 1 July 2018.

Note that the FTB Part A supplements for 2016-17 and later income years will also not be available for families with adjusted taxable income of more than $80,000. This is a recent change to the family assistance law made by the Budget Savings (Omnibus) Act 2016.

The Family Tax Benefit Part A and Part B supplements are components of the rate of family tax benefit, and are added into the rate after the end of the relevant income year when certain conditions are satisfied and FTB is reconciled. This means that an individual's supplements for any given income year cannot be paid until after the end of that income year. Therefore, while the supplements are being reduced in the 2016-17 income year, there is no practical effect on payment of the supplement until after 1 July 2017.

FTB Part A Supplement

1 July 2016	$602.25
1 July 2017	$302.95
1 July 2018	Cessation of Supplement

FTB Part B Supplement

1 July 2016	$302.95
1 July 2017	$153.30
1 July 2018	Cessation of Supplement

Key facts

- The family tax benefit end of year supplements will be phased out from the 2016-17 entitlement year. The supplements will be completely withdrawn from 2018-19.
- The FTB supplements are paid after a family's entitlement to FTB is reconciled at the end of an entitlement year.
- The measure recognises that the Government's investment in service delivery reform will improve the accuracy of income reporting for most recipients, and eventually negate the need for an end-of-year reconciliation process.
- This measure will commence in the 2016-17 entitlement year and is estimated to come with a saving of $4.7 billion to 2019-20.

More information

For more information about Family Tax Benefit, visit the Department of Human Services website https://www.humanservices.gov.au

Changes to the Paid Parental Leave scheme

From 1 January 2018, the maximum number of weeks of government-provided Parental Leave Pay will be increased from 18 to 20 weeks.

Government-provided Parental Leave Pay will also be used to complement any employer-provided primary carer pay a mother receives, up to a maximum of 20 weeks. Primary carer pay is sometimes known as paid maternity or parental leave.

For example, a mother who receives 15 weeks of primary carer pay from her employer, will have access to 5 weeks government-provided Parental Leave Pay. Similarly, a mother who receives 25 weeks primary carer pay above the National Minimum Wage will not be eligible for Parental Leave Pay.

Parents whose employer-provided primary carer pay is for less than 20 weeks or is less than the full-time national minimum wage, will continue to receive some taxpayer-funded support.

The Government is also making the work test for eligibility fairer for people whose job requires them to take long breaks, such as casual teachers, and for women who work in jobs that are too dangerous to continue while pregnant, such as jockeys, boxers, painters and miners.

The work test currently requires women to have worked 330 hours in 10 of the 13 months before the birth or adoption of their child, with a maximum break of eight weeks between work days during those 13 months.

Eligible working mothers will now be able to have a 12 week break between working days in the 13 months before the birth or adoption of their child, and still meet the work test.

Women in dangerous jobs whose employers can't provide a safe job while they are pregnant will, in their work test, be able to use work hours from before they had to stop working because of the risk to their pregnancy.

Parents will also have more time to make their claims, as there will be more generous backdating provisions.

Employer opt-in

To ease administrative burdens on business, the Government is removing the mandatory employer paymaster role from the Paid Parental Leave scheme. Parents will instead receive their Parental Leave Pay directly from the Department of Human Services.

Employers will still be able to opt-in to provide Parental Leave Pay to their employees, if both the employer and the employee agree to this arrangement.

This measure contributes to the Government's commitment to reduce red tape for business, and responds to feedback from employer groups that the mandatory employer paymaster role was an unnecessary impost, particularly for small business.

Key facts

- The Government is increasing the maximum number of weeks of government-funded Parental Leave Pay available to working mothers from 18 to 20 weeks.

- The Government is also removing the mandatory employer paymaster role from the Paid Parental Leave scheme, saving the Government approximately $3.4 million over four years.
- 53 per cent of eligible mothers, who do not have access to employer-provided primary carer pay, will receive an additional 2 weeks Parental Leave Pay.
- Only 2 per cent of recipients will no longer be eligible for Parental Leave Pay, as they receive at least 20 weeks primary carer pay from their employer, at or above the national minimum wage.
- This measure will save approximately $491.2 million over the forward estimates period.
- The measure is also expected to reduce the compliance costs on business by approximately $44 million per year.

More information

For more information about the Paid Parental Leave scheme, visit the Department of Human Services Website.

For parents: https://www.humanservices.gov.au/parentalleavepay

For employers: https://www.humanservices.gov.au/pplemployers