



**Carers Australia submission to the
Senate Standing Committees on
Economics:
Budget Savings (Omnibus) Bill 2016**

7 September 2016

AN AUSTRALIA THAT VALUES AND SUPPORTS ALL CARERS

ABOUT CARERS AUSTRALIA

Carers Australia is the national peak body representing the diversity of Australians who provide unpaid care and support to family members and friends with a:

- disability
- chronic condition
- mental illness or disorder
- drug or alcohol problem
- terminal illness
- or who are frail aged

Carers Australia believes all carers, regardless of their cultural and linguistic differences, age, disability, religion, socioeconomic status, gender identification and geographical location should have the same rights, choices and opportunities as other Australians.

They should be able to enjoy optimum health, social and economic wellbeing and participate in family, social and community life, employment and education.

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Carers Australia Submission to the Budget Savings (Omnibus) Bill 2016

Carers Australia welcomes the opportunity to comment on measures in the Budget Savings (Omnibus) Bill 2016.

Carers Australia's comments on the Bill go to:

- Removal of 12 weeks backdating of claims for the Carer Allowance for new claims from January 2016
- Removal of the Energy Supplement to new recipients of social security and family assistance payments from 20 September 2016

Removal of Backdating of the Carer Allowance

Current situation

The Carer Allowance is a fortnightly payment (currently set at \$123.50 per fortnight) to assist carers with the additional costs of caring. Historically, under some circumstances, it has been possible to backdate payments from the time of diagnosis of the person receiving care. All eligibility requirements for Carer Allowance need to have been met during this period.

In 2006 backdated payments were set at 12 weeks before lodging an Intent to Claim for the Allowance. Backdating is available for a carer providing care for a child under 16. For those providing care for a person 16 years and over the Carer Allowance can be backdated for up to 12 weeks prior to the date a claim was submitted if the care needs were caused by an acute event. An acute event is an illness or injury that occurs unexpectedly, for example a stroke, brain injury or car accident.

The same concession has not been available for the Carer Payment (which provides income support for carers who are unable to work due to substantial caring responsibilities).

The Budget Savings (Omnibus) Bill will remove the capacity to backdate claims prior to lodging an Intent to Claim for the Allowance for all new claims after January 2017. The government expects to save \$108 million dollars over four years through this measure.

The rationale for maintaining the capacity to backdate the Carer Allowance

It is hard to over-dramatise the devastating effect of the combined shock of someone you love suddenly becoming disabled or incurring a debilitating illness – having to deal with their pain and suffering and the loss of life chances – accompanied by the sudden loss of income; especially at a time when extra expenses are incurred as a result of having to adjust to the tragedy.

Families who find themselves in this situation are unlikely initially to have clarity around how this tragedy will impact upon them and the person they care for. Diagnosis and prognosis may not be clear. The extent of their caring role will only slowly become apparent. That there will be a financial impact will be clear; but having to think through how they now service mortgages and debts, whether they will be able to stay in their homes, whether they need to move their children to new schools, and what will happen to future employment takes time. They may never have given any thought to income support and may initially have no idea that there is such a thing as a Carer Payment or Carer Allowance or what steps they would need to go through to apply for these payments. Unlocking the mysteries of Centrelink, let alone subjecting themselves to the onerous processes of finding their way through its complex and time-consuming requirements, is unlikely to be the first thing on their minds.

The capacity to be reimbursed for even a comparatively modest amount of the extra costs carers have incurred can make a real difference when they have finally reached the point of understanding that they are entitled to financial assistance.

It was in recognition of the difficulty of finding a clear way through the sudden onset of such massive uncertainties and turmoil that the backdating provisions were first introduced. These provisions should not be dispensed with for a very modest Budget saving averaging approximately \$27m a year.

Recommendation 1:

Provisions of the Social Security Act relating the the backpayment of the Carer Allowance should not be repealed.

Repeal of the Energy Supplement

Carers Australia opposes the cessation of the Energy Supplement for new recipients of social security and family assistance payments from 20 September 2016.

Impact on new recipients of the Carer Payment

Carers are often heavy users of electricity and gas. This can be associated with the operation of specialist equipment, requirements to keep the house at a constant temperature, and simply being at home most of the time. Carers who care for people with incontinence are also heavy users of washing machines and dryers.

Data from the 2009 Household, Income and Labour Dynamics in Australia (HILDA) Survey showed that 38.6 per cent of carers who were in receipt of an allowance payment reported having to ask family or friends for financial assistance because of a shortage of money. Just under a third had reported that they were unable to pay an electricity, gas or telephone bill on time. The impact on households where both the carer and another person are in receipt of income support is also stark, with 31.6 per cent needing to approach welfare or community agencies for help, over half seeking financial support from family and friends and 60 per cent being unable to pay an electricity bill on time. There is no reason to suppose that difficulty in covering energy costs has diminished. Indeed, energy prices have risen markedly in recent years.

We also note concerns raised by the Australian Council of Social Services in its submission that the removal of the supplement for new claimants will create inequities, and that new claimants who access CPI indexed payments would have been better off if the Supplement had not been introduced since the basic payments the supplement is attached to were adjusted to ensure recipients would not be compensated twice (via the Supplement and normal indexation to prices). The result of this adjustment is that the basic rate for these payments is now lower than it would have been had the normal indexation process occurred. In this context we note that a large number of carers who provide substantial amounts of care, but who do not meet the very rigorous eligibility requirements for Carer Payment, are in receipt of the Newstart Allowance.

Recommendation 2:

The Energy Supplement for new income support claimants should not be removed.