



Australian Council of Social Service

4 December 2015

Department of Social Services
PO Box 7576
Canberra Business Centre ACT 2610

Dear Sir/Madam,

Re: Improved assessment process for Carer Payment and Carer Allowance Review

Thank you for the opportunity to participate in the 'Improved process for the Carer Payment and Carer Allowance' review. ACOSS is a national voice for people affected by poverty, disadvantage and inequality. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities have the opportunities and resources they need to participate fully in social and economic life.

The Carer Payment is a means tested income support payment (of \$434.50 per week, including supplements) for people who are unable to work in substantial paid employment because they provide full time daily care in the home to someone with severe disability or medical condition, or to someone who is 'frail aged'. Eligibility criteria for this payment is therefore based on capacity to work. The Carer Allowance (\$60.85 per week, and a Health Care Card) is provided in recognition of the additional costs associated with caring responsibilities, and is not determined on the basis of capacity to work.

The Review will consider the appropriateness of current eligibility requirements for the Carer Payment and the Carer Allowance. On the Department of Social Services' (DSS) website, the Department states that the current review is motivated by a concern that the current assessment process may not be targeting payments appropriately¹.

DSS has indicated that a key area for review is the amount and nature of care provided, including the varying frequency, activities and intensity of care. It also seeks information on a number of areas that may influence these factors. A second area for review is the current '25 hours' rule which provides for people receiving the carers payment to be away from caring activities for a maximum of 25 hours per week to undertake activities related to work, volunteering or study. As part of its review the department has sought information on what would be a reasonable time, pattern and purpose to be away from caring responsibilities for those receiving the Carers Payment for the purposes of work, volunteering or study.

¹ Department of Social Services (2015) 'Improved Assessment Process for Carer Payment and Carer Allowance' <https://www.dss.gov.au/disability-and-carers/benefits-payments/improved-assessment-process-for-carer-payment-and-carer-allowance>



ACOSS considers that, rather than undertake a detailed review of the current assessment process for the Carer Payment and Allowance, a better outcome would be achieved by undertaking structural reform of the welfare system, following the Review into Australia's Welfare System in 2014. This should include aspects of the review that relate to eligibility for the Carers Payment and Allowance, and the way 'capacity to work' is addressed in eligibility criteria more broadly.

The Review into Australia's Welfare System highlighted concerns with current payment structures, including the growing gap between pension payments such as the Carer Payment and Disability Support Pension, and the lower allowance payments such as Newstart (currently \$37 per day). The current structure assigns those who are considered to have a capacity to work to the lower allowances payments, and provides higher payments to those considered unable to work.

This has several impacts for carers. It means people who transition from caring roles to seeking employment, or people with disability or a caring role but do have the capacity to undertake substantial employment and are seeking work, receive the lower allowance rate, even where their living costs remain the same. The current gap between the payments is \$173 per week, and this is projected to increase due to the different indexation rates. This can also act as a disincentive to employment, as individuals who leave full time care to seek employment but then need to take up a caring role again risk being reclassified to the lower allowance payment.

ACOSS supports reasonable 'economic participation' requirements for people receiving income support, including job search and training activities, but suggests there is no justification to provide those with the capacity to work and who are seeking employment a lower payment. Over the past decade, several social security reforms have shifted people from higher pension payments to lower allowance payments, including over 100,000 people now on the Newstart Allowance who are assessed as having a 'partial work capacity' (most of whom would previously have been eligible for the DSP), and at least 100,000 sole parents. ACOSS would be concerned if the current revision to the eligibility criteria for the Carer Payment resulted in large numbers of people being moved from the higher Carer Payment to a lower allowance payment.

Concurrent with this review, the Minister for Social Services has highlighted concerns with growth in the budget cost of the Carers Payment. Analysis presented by academic Professor Peter Whiteford has shown that growth in the Carers Payment has been a result of an ageing population and previous increases in the Age Pension access age which shifted older people with a disability or caring role to other payments such as the Disability Support Pension or Carers Allowance². It is reasonable and expected that as our capacity to improve the health outcomes of people with disabilities or chronic illness improves, and as the incidence of chronic illness in the community

² Whiteford (2014) 'Is Australia's Welfare System Unsustainable' Inside Story, 10 February 2014



increases, the number of carers would increase. The value of such care to the economy has been estimated at \$60.3 billion, or 3% of GDP in 2015³.

ACOSS' submission to the Review into Australia's Welfare System is attached for your consideration and provides a proposed solution to problems with the current structure of the social security system. It proposes that the division between working-age pensions and allowances should be replaced by a base rate payment that is adequate to meet basic minimum living expenses and supplements to meet additional costs faced by substantial minorities of people on income support, including rent payments, the extra costs faced by people with disability and their carers, the extra costs of raising a child alone, and the costs of any job search and training requirements. The base rate payment would be substantially higher than Newstart Allowance. Activity requirements (where appropriate) would continue to be based on each individual's employment capacity, but maximum payment levels would not.

The attached submission provides further detail of how this would apply to the Carers Payment (page 60 to 62), including how it would affect eligibility, and provides the important first steps that should be taken to improve outcomes from the social security system.

Yours sincerely,

Dr Tessa Boyd-Caine
Acting CEO

³ Carers Australia (2015) 'Economic contribution of Australia's family and friend carers dwarfs the amount spent on income support' <http://www.carersaustralia.com.au/media-centre/article/?id=economic-contribution-of-australias-family-and-friend-carers-dwarfs-the-amount-spent-on-income-support>.