



Submission to the Australian Senate Standing Committees on Community Affairs Federal Budget 2017

Offered by:
Grandparents Australia
Grandparents Victoria
Kinship Carers Victoria

Australian families are concerned about the string of cuts to welfare recently proposed by the federal government. Many families are struggling under the burden of the high costs of living, and the proposed cuts will put additional pressure on already precariously balanced household budgets. Supporting families to ensure that children receive the best start in life should be the government's highest priority. Implementing budget cuts that send our most vulnerable families into deeper poverty and their children into life-long disadvantage is never going to be supported.

"When the State of Victoria becomes the guardian of children and young people, it has a responsibility to address their complex needs. At birth, these children have the same potential as other Victorian children. Victoria's system for protecting children and young people must be capable of giving these children the very best chance to grow and develop into independent and successful adults who are valued and productive members of our society."

"Our vulnerable children and young people deserve nothing less."¹

There seems to be a perception that welfare recipients are taking more than their fair share, without contributing much in return. GPA/GPV does not believe this to be the case. When families receive the welfare payments they are entitled to, they have increased spending power, which in turn stimulates economic growth. Welfare payments, when properly administered, also help to ease spending in other budget areas, for example, paying a carers allowance to a family member to help a disabled person remain in their home is cheaper than paying a nurse's wages.

Kinship carer families are made particularly vulnerable by the proposed cuts. Kinship carer families provide full-time care for vulnerable children who are relatives or close family friends, taking much strain off the overloaded child protection system.

GPA/GPV acknowledges the benefits that kinship carer families have received from the appointment of additional Centrelink Grandparent Advisors to assist carers who are seeking advice about eligibility for payments and other services available through Centrelink (as requested by GPA/GPV in a submission regarding the inquiry into the Social Services Legislation Amendment). These people have changed the lives of many carers simply by reviewing their cases and ensuring that they are on the correct schedule of payments. They have corrected years of misinformation offered by "novices" working at local Centrelink desks.

As it currently stands, kinship carer families are eligible for financial support from both the Australian Government through Centrelink, and from the state governments through their departments of human services. However, the eligibility requirements are set too high, and the payments are inadequate for their stated purpose. Further, the nature of and access to some payments varies across different regions. Payments to grandparent carers must be made more generous and be applied more consistently.

Families are worried about the potentially damaging effects of changes to welfare payments. It will be greatly detrimental to the outcomes for many children and families if the payments and services to which they are currently entitled are cut as a result of cost saving measures. Families, particularly kinship carer families, still

¹ Victorian 2012 Vulnerable Children's Inquiry (Cummins Inquiry) Report, Executive Summary section 6

bemoan the loss of the Schoolkids Bonus, and the strain this has placed on their finances. They maintain that the loss of this money has limited their capacity to provide the best educational options for their children.

In regard to changes to the Social Services Payments, GPA believes that:

- **Proposal 1:** The Family Tax Benefit B is vital for all families, particularly kinship care families. This payment should continue to be made available to all families who meet current eligibility requirements, including both single and couple kinship care families until the time that the youngest child in care turns 18 years of age. This payment should be equivalent to an amount not less than those currently received, with an automatic annual increase by an amount equivalent to the increase in the cost of living.
- **Proposal 2:** All other payments currently available to families should be maintained and indexed to cost of living increases.

Kinship carer families are likely to be particularly affected by the proposed budget cuts. The majority of these are grandparents, many of whom give up their well-earned retirement to return to parenting young children. Although few studies have been conducted as yet, those that have point to the fact that outcomes for children raised in kinship carer families are generally better than outcomes for those raised other forms of out-of-home care. Financial pressures are the ones most frequently mentioned by kinship carer families. It is unconscionable for the nation to ask grandparents to raise its children without ensuring that they are financially able to do so. Yet this is exactly what this nation is currently doing.

GPA/GPV proposes that:

- **Proposal 3** Kinship carer families who are eligible for Family Tax Benefit B should also be eligible for a Kinship Care Emergency Payment. This one-off payment would cover a range of unforeseeable events that attract expenditure unable to be planned for and unable to be borne by the carers. For example, the funeral costs children in the care of the kinship carer family or the funeral of the spouse of the kinship carer.
- **Proposal 4** Kinship carer families should be awarded an automatic one off Kinship Care Placement Establishment Grant to the amount of \$500 for each child placed with the kinship carers. These funds are to be used to purchase basics such as beds, prams, linen, clothes, baby equipment etc. associated with raising the children, and in recognition of the fact that most carers do not have such facilities in their homes at the time the children are delivered to them.
- **Proposal 5** Entitlements should also include eligibility to claim for half of the costs of two camps, either school camps or other therapeutic camps, for each child in the kinship carer family who is the subject of a child protection or court order.

These recommendations are designed to ease some of the pressures on kinship carer families accrued at the establishment phase, and in the final phase when the costs of keeping young adults at school are high. Further, some of these recommendations are offered in recognition of the burdens placed on carers who invariably dip in to their own retirement savings to the point where many are not able to cover costs such as funerals.

All kinship carer families suffer debilitating financial hardship at all times and throughout the many years of their selfless efforts. They rely on the meagre childcare benefits our nation makes available to them to enable the children in their care to have access to the same education and socialising experiences other children enjoy.

Increasingly, young people are remaining in the family home for longer, as the cost of living far outpaces any increases to the various Centrelink benefits for which they may be eligible. Statements made by various government ministers in recent months have implied that they expect families to bear more of the burden for assisting young adults with the costs of tertiary education and housing. This is not a viable option for many families, but particularly for young people who have been in the child protection system. Failing to properly support these young adults through essential education and training, and failure to provide them with appropriate housing and employment opportunities perpetuates a cycle of disadvantage.

There are growing calls to support vulnerable families by mandating the continuation of support for young people in out-of-home care after the age of 18. Grandparents Victoria was represented on the Victorian 2012 Vulnerable Children's Inquiry (Cummins Inquiry), which included a finding to consider such an extension, up until age 25.

*"Around 400 young people leave out-of-home care annually following the expiry of their guardianship or custody order. The limited research available suggests a significant proportion experience major issues in the transition to independent living and have long-term negative outcomes."*²

*"The Secretary of the Department of Human Services should have the capacity to extend out-of-home care placements on a voluntary and needs basis to young people beyond 18 years. Current leaving care arrangements should be enhanced, including stable initial accommodation arrangements and the level, range and integration of leaving and post-care assistance. In the medium term, consideration should also be given to extending post-care assistance on a needs basis to young people up to the age of 25 years"*³

In line with the Cummins Inquiry, GPA/GPV proposes that:

- **Proposal 6** Support for young people in out-of-home care should be extended until the age of 25.

GPA/GPV notes that balancing the national budget is far more complex than balancing a household budget. That said, GPA/GPV believes that the government should place more emphasis on finding ways to increase revenue, rather than cutting payments to those who are already struggling.

- **Proposal 7** Rather than cutting welfare payments to the most vulnerable members of the community, the government should place more emphasis on finding ways to raise revenue, and ensure that those who can afford it are paying their fair share. Such revenue raising might ideas might require long range planning , but should include:
 - A levy on the use of automated/robotic technologies to replace human workers, which would compensate the government for the lost revenue from the income taxes these workers would have paid;
 - Increases to the minimum wage, which would have a flow-on effect of increasing tax revenue without raising taxation rates;
 - Finding ways to catch out those who are deliberately misrepresenting themselves to agencies in order to receive payments they are not entitled to, without persecuting those who are legitimately entitled to them;
 - Making 'big business' pay a fair taxation rate; and
 - Overhauling the system of parliamentary pensions to bring it more in line with the rules of other government payments – former MPs who are receiving 6 figure salaries working in diplomatic roles or private enterprise do not also need to be receiving a government pension until they are fully retired.

² Victorian 2012 Vulnerable Children's Inquiry (Cummins Inquiry) Report, Executive Summary Section 3.9

³ Victorian 2012 Vulnerable Children's Inquiry (Cummins Inquiry) Report, Executive Summary section 4.6, and recommendations 29 and 31