



Carers Australia Submission:

**Social Services Legislation Amendment
(Payment Integrity) Bill 2017**

July 2017

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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INTRODUCTION

Carers Australia welcomes the opportunity to provide a submission to the Senate Community Affairs Committee Inquiry on the Social Services Legislation Amendment (Payment Integrity) Bill 2017.

The measure to lengthen residency requirements in respect of Aged Pension and Disability Support Pension is concerning to Carers Australia. While the people affected are likely to have access to Special Benefit during the extended period, its payment rate, supplements and access to concessions is significantly lower than for pensions. It is, therefore, likely that many carers will find themselves responsible for both the care and at least some of the financial needs of family members or friends who are subject to lengthy waiting periods of between 10 and 15 years before they can access payment.

LENGTHENED RESIDENCY REQUIREMENTS

It seems that the measure, which introduces a requirement for workforce attachment (without which, the waiting period is extended by a further five years), is based on similar practices in other countries, rather than on Budget savings.

This conclusion can be drawn by the proportionately modest social security savings generated by this measure (approximately \$119 million over 5 years)¹, together with the Minister for Social Security's statement that:

The current residency requirements are generous when compared to the qualifying contribution periods required to receive a pension in other countries. A number of OECD countries require greater than 10 years' contributions in order to receive even a part pension.²

Carers Australia argues that, while all OECD countries have a non-contributory social safety net pension,³ unlike Australia, most have defined contribution plans (or retirement saving pension plans) in place as either the main component or an integral part of their pension schemes. This means that pension benefits and disability insurance for **all** residents are directly linked to contributions made during their working years.⁴ The Australian pension system, on the other hand, is non-contributory and is offered on the basis of need, rather than workforce attachment.

Of further concern is that, while the Government recognises that the Australian social security scheme is already overly complex, this measure will increase that complexity by including an additional waiting period based on previous labour market activity.

¹ Budget 2017-18, Budget Measures Paper No 2, 9 May 2017, p 148

² Bills, Social Services Legislation Amendment (Payment Integrity) Bill 2017, Second Reading, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2Fc5b6130e-ff84-444d-93e5-d80908d73dc7%2F0055%22>

³ OECD (2016) *OECD Pensions Outlook 2016*, OECD Publishing, Paris, p 18 http://dx.doi.org/10.1787/pens_outlook-2016-en and OECD (2013) *Pensions at a Glance 2013: OECD and G20 Indicators*, OECD Publishing, Paris, <http://www.oecd.org/pensions/public-pensions/OECDPensionsAtAGlance2013.pdf>

⁴ *Ibid*, p 11

RECOMMENDATION

While this measure is estimated to directly affect only around 2390 people each year,⁵ it has the potential to cause significant hardship to vulnerable members of the community, as well as to their family and friend carers.

Carers Australia recommends that the current resident waiting periods for Aged Pension and Disability Support Payment remain unchanged.

⁵ DSS, Welfare – Other Measures – 2017 Budget, https://www.dss.gov.au/sites/default/files/documents/05_2017/budget_2017_-_welfare_-_other_measures_-_fact_sheet_for_web_0.pdf, p 3