

14 March, Canberra



Carers Australia

Supplementary information to 10 March 2006 submission to the Senate Community Affairs Legislation Committee

Family Assistance, Social Security and Veterans' Affairs Legislation Amendment (2005 Budget and Other Measures) Bill 2005

Thank you for the invitation to outline the view of Carers Australia on the Family Assistance, Social Security and Veterans' Affairs Legislation Amendment (2005 Budget and Other Measures) Bill 2005, which is being considered by the Community Affairs Legislation Committee.

Carers Australia comments relate specifically to *Schedule 6 – Backdating of Carer Allowance Provisions*.

Carers Australia

Carers Australia is the national peak carer organisation dedicated to improving the lives of carers. Our members are the eight state and territory carer associations, which directly provide services to the carers in their communities.

Carers Australia believes that caring is a personal, social and public responsibility shared by individuals, families, business and community organisations, public institutions and all levels of government.

Carers in Australia

There are approximately 2.6 million carers in Australia according to the 2003 Australian Bureau of Statistics Survey of Disability, Ageing and Carers.

Carers are usually family members who provide support to children or adults who have a disability, mental illness, chronic condition or who are frail aged. Carers can be parents, partners, brothers, sisters, friends or children. In some cases, a neighbour may take on the role of carer.

Carers provide unpaid and often substantial support and care to those they care for. The Economic Value of Informal Care by Access Economics (2005) estimated that over 1 in 8 Australians provided 1.2 billion hours of care in 2005 to people with a disability or chronic condition, or who were frail aged.

The value of replacing this care with formal services in the home would be at least \$30.5 billion annually.

Carers were identified as being at particular risk of low wellbeing in the 2005 Australian Unity Wellbeing. This risk was heightened in the case of reduced income.

Carers often experience income inequality because of their reduced levels of paid employment. The 2003 ABS Survey of Disability, Ageing and Carers indicates that carers are over-represented in the lower household income quintiles. Access Economics (2005) has estimated that the conservative opportunity cost by carers of care hours is \$4.9 billion annually.

Carer Allowance

Of the 2.6 million carers in Australia, around 340 000 carers received the Carer Allowance in 2004-05 (ABS 2005).

The Carer Allowance is an income supplement available to people who provide daily care and attention at home to a person who has a disability or severe medical condition.

Carer Allowance is not taxable, or income or asset tested. It can be paid in addition to a social security income support payment. To be eligible for Carer Allowance, a person must be providing care and daily attention to a person with a disability or severe medical condition who is either:

- aged 16 years or over and whose disability or severe medical condition is permanent or for an extended period (as assessed under the Adult Disability Assessment Tool)
- a dependent child aged under 16 years whose disability appears on a list of disabilities or conditions which result in automatic qualification or who has a substantial functional impairment which has caused the child to function below the standard for his or her age level (as assessed under the Child Disability Assessment Tool).

Current Carer Allowance Backdating Provisions

Currently, where a person claims Carer Allowance for a child under 16, payment can be backdated for up to 52 weeks. Where a person claims Carer Allowance for an adult, payment can be backdated for up to 26 weeks if the disability is due to the acute onset of an illness.

Carer Allowance was introduced on 1 July 1999 when the Domiciliary Nursing Care Benefit was combined with the Child Disability Allowance. Former Domiciliary Nursing Care Benefit and Child Disability Allowance recipients were transferred to the Carer Allowance.

A claim for Child Disability Allowance could be backdated for up to 52 weeks based on the rationale that it could take some time for a child's disability to be diagnosed. There were no backdating provisions for the Domiciliary Nursing Care Benefit.

When the Carer Allowance was introduced the 52-week backdating provision for children was retained, and a 26-week backdating period was introduced for carers of adults whose care needs were attributed to an acute onset.

Carer Allowance has separate adult and child streams because of the different assessment tools.

Changes to the Carer Allowance Backdating Provisions

The proposed amendments in the above Bill seek to standardise the backdating provisions of the Carer Allowance to a maximum period of up to 12 weeks, effective from 1 July 2006.

The proposed amendments mean that the amount of back pay a carer is entitled to is significantly reduced. Carers of children will be the most affected. For a carer of a child this could be a reduction of up to \$1,894 or the equivalent of 40 weeks of Carer Allowance. For the carer of an adult this could be a reduction of up to \$662.90 or the equivalent of 14 weeks of Carer Allowance.

Approximately 340 000 carers received the Carer Allowance in 2004-05. As there are 2.6 million carers in Australia this suggests a great number of carers may be unaware of their entitlement to the Carer Allowance.

The Bill's explanatory memorandum states that "... assessment methods are based on functional ability or care needs. As a result, qualification can generally be established quickly, which removes the need for long backdating periods".

Identifying as a carer is not an automatic process when a person takes on the role of a carer. Therefore there is a low likelihood of carers identifying the financial entitlements which are available to them when they become a carer. If they are aware of the Carer Allowance, they may not apply as they think the Allowance is income or asset tested.

The situation is compounded by the strict eligibility criteria that often make these payments difficult for carers to obtain. Evidence indicates that once a carer decides to apply for a Carer Allowance an appointment with the specialist who will sign the carer's application can take up to 12 weeks. Carers advise that although GPs can sign the application it is usually the treating specialist who signs their application. GPs are often reluctant to sign the application as they don't know enough about the care required and the impact on the carer and family.

Case study – Delay in diagnosis

A service visited a family recently whose second child has a rare disability which causes sight problems, hearing problems, heart abnormalities, developmental delay and serious renal problems. He had some surgical procedures soon after birth. He is now 18 months of age. His sibling is three years-old.

The final diagnosis was only made recently after numerous tests and visits to doctors, specialists, clinics etc – all costly. The child, of course requires therapy services, dietician services and numerous medical appointments. There will be a need for equipment in the future.

His mother has received some counselling, but has limited family support. She has some home cleaning for which she pays market rate and is receiving five hours a fortnight of respite to do the shopping.

As the child was only diagnosed recently, the mother had just received the Carers Allowance and it was backdated for the current 52-weeks period.

This was almost the only assistance for this family since the birth of the child. His mother at least felt that she had a sum of money that could be used for some of the many additional expenses. The family is well aware that they will be facing numerous expenses for the rest of their lives.

The majority of families who have a child with a disability find that it is extremely difficult for parents to return to the workforce.

The bureaucratic delays in having a child diagnosed, particularly with a rare syndrome, can take a considerable period of time. When facing a lifetime of care, support and additional expenses, it is totally unnecessary to further penalise families in very stressful situations by further reducing a small amount of income which does not cover the costs involved in caring.

A further disadvantage for a carer could occur if a review of their Carer Allowance application is required. The lengthy review process can continue past 12 weeks – the proposed backdating period.

Case study – Review of Carer Application required

A carer, born in 1927 (aged 79) has just been approved for Carer Allowance following a successful appeal to Centrelink after she was rejected as ineligible.

She has a son of 45. He is the youngest of five children, and was diagnosed as having an intellectual disability at the age of three. He also has vision and coordination problems. He is employed in a disability organisation's business services and lives at home with his mother.

She has some additional funding to assist with a care worker who helps with independent living training, recreation/community access and respite.

She has applied on a number of occasions over the years, and has been rejected as ineligible each time. With fading health herself and with financial pressures due to living on an age pension (and disability pension for her son), she approached Carers WA after being recently rejected. Carers WA advised her to appeal and contacted Centrelink on her behalf, with her permission. Centrelink were very helpful and sympathetic. As is so often the case, the reason was two-fold:

- a. The medical report for the carer's application (which had been done by a new doctor in the practice who did not know her son) understated the situation.
- b. The carer herself was so familiar and accepting of her son's disability, and has spent a lifetime building his abilities that she too completely understated the amount of care and supervision he requires.

An independent advocate assisted her with the appeal and she has now received the Carer Allowance. The backdating of the Carer Allowance assisted the care situation by alleviating some of their financial pressures.

Conclusion

Carers Australia believes there is no sound rationale for the proposed amendments to the Bill, which are estimated to reduce expenditure by \$107.6 million over four years. They are not related to eligibility, financial hardship or the amount of care the carer provides.

Carers Australia believes they are contrary to the Australian Government initiatives in the 2004-05 and 2005-06 Budgets to assist Australian carers in their role. These included the Carer Bonus, additional funding provided for respite care, and that a carer who does not reside in the same residence as the person they care for can be eligible for the Carer Allowance.

Carers Australia believes that the proposed changes to the backdating measures for Carer Allowance recipients will further disadvantage and marginalise carers.

Carers Australia recommends that the Australian Government:

1. make no change to the backdating measures for recipients of the Carer Allowance
2. streamline access to Carer Allowance for carers, especially those under increased stress
3. invest in quality resources and strategies to ensure carers are advised of the financial assistance available to them in the earliest stage of their caring role.

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