

## **Response to the Select Senate Community Affairs Inquiry into the Extent and Nature of Poverty in Australia**

**January 2023**

### **Introduction**

Carers Australia represents more than 2.65 million Australians who provide unpaid care and support to family members and friends with a disability, chronic conditions, mental illness or disorder, drug or alcohol problem, terminal illness, or who are frail and aged. An evaluation on the “Value of informal care” undertaken by Deloitte Access Economics estimated that a total of nearly 2.2 billion hours of care were provided in 2020 and that the total cost to replace all informal care in that year would be \$77 billion.<sup>1</sup>

However, this contribution can come at great cost to many carers in terms of their employment, income, physical and mental health, and social isolation.

This submission is mainly focused on these carers and those they care for. It addresses three of the Inquiry’s Terms of Reference :

- c) the impact of poverty on individuals in relation to employment outcomes, housing security, health outcomes, and education outcomes
- d) the impacts of poverty on different demographics
- e) the relationship between income support payments and poverty.

We have mostly focused on describing the circumstances of those carers who are in state of relative poverty. The steps needed to address poverty are many and varied, even when confined to a particular cohort of the population. However, we have made some specific recommendations where we think there is room for immediate and relatively direct interventions.

### **Carers and poverty**

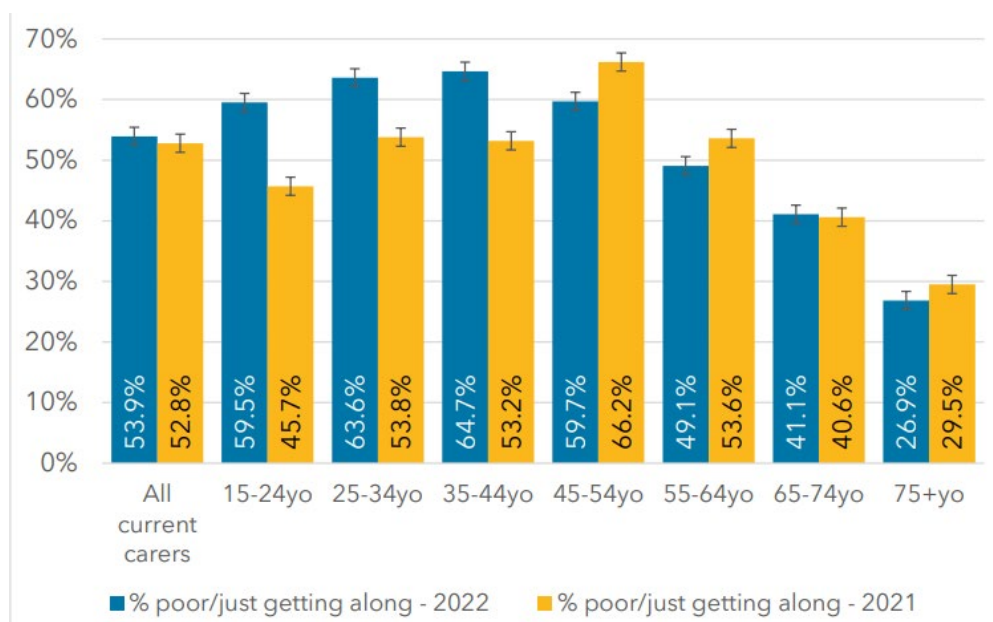
While carers come from all walks of life, it is nevertheless the case that they are disproportionately worse off financially than non-carers. This is especially the case for primary carers, those who provide the most care. The differences between non-carers and secondary carers (those who share in the provision of care for a family member or friend) are less stark. According to the last Australian Bureau of Statistics (2018) Survey of Disability, Ageing and Carers (henceforth referred to as SDAC), primary carers were nearly twice as likely to be in the lowest income quintile than non-carers (14.5% compared to 8.3%) and half as likely to be in the

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<sup>1</sup> Deloitte Access Economics, (2021), The Value of Informal Care in 2020, <https://www.carersaustralia.com.au/research/value-of-informal-care-report-2020/>

highest income quintile (9.4% of carers compared to 18.1% of non-carers). They were also twice as likely to rely on a Government pension or allowance than non-carers.<sup>2</sup>

The 2022 Carer Wellbeing Survey found that, in the 12 months to March/April 2022, 54.4% of carers experienced at least one significant financial stress event, such as being unable to pay bills on time, going without meals, or having to ask for financial assistance, compared to 32.2% of Australian adults.<sup>3</sup>



The 2020 National Carer Survey conducted by Carers NSW found that, among unemployed carers, more than a third (38%) had experienced four or more financial stress experiences in the past 12 months.<sup>4</sup>

### The employment outcomes of being a carer

The extent to which carers can engage in employment is largely an outcome of the hours of care they need to provide. The 2018 SDAC found that 18.4 % of primary carers provided care for between 20 and 39 hours per week, and 33.2% for more than 40 hours per week.<sup>5</sup>

The 2020 National Carers Survey<sup>6</sup> found that less than a third (29%) reported that caring had not impacted their career. The most common impact reported (27.5% of respondents) was having to quit paid work to care. Combined with having to retire early to continue caring, nearly half (44.5%) of carers reported having left the workforce due to their caring responsibilities. The second most common impact (27.4% of

<sup>2</sup> Australian Bureau of Statistics (ABS), Survey of Disability, Ageing and Carers, 2018, [Disability, Ageing and Carers, Australia: Summary of Findings, 2018 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/australia-summary-of-findings-2018)

<sup>3</sup> University of Canberra, Caring for Yourself and Others, 2022 Carer Wellbeing Survey (commissioned by Carers Australia), [CARING FOR YOURSELF AND OTHERS \(carersaustralia.com.au\)](https://carersaustralia.com.au)

<sup>4</sup> Carers NSW (2020). 2020 National Carer Survey: Summary report, [Summary Report LowRes.pdf \(carersnsw.org.au\)](https://carersnsw.org.au)

<sup>5</sup> Op. cit. [Disability, Ageing and Carers, Australia: Summary of Findings, 2018 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/australia-summary-of-findings-2018)

<sup>6</sup> Op. cit. [Summary Report LowRes.pdf \(carersnsw.org.au\)](https://carersnsw.org.au)

respondents) was reducing working hours, followed by not being able to keep skills/qualifications up to date, which was reported by 17.4% of working carers. Career impacts are shown in the table below.

<b>Career impacts</b>	<b>Caring for someone under the age of 65 (N=3318)</b>	<b>Caring for someone aged 65+ (N=2407)</b>
I quit working or looking for work to be able to care	31.5%	22.0%
I retired earlier than anticipated to be able to care	13.7%	21.6%
I have reduced my working hours	32.7%	20.0%
My skills and qualifications have become out of date due to time out of the workforce	28.1%	15.2%
q40_14 Other experiences	13.5%	13.4%
I feel less prepared to meet the demands of my job	21.5%	11.8%
I have worked in a job that is lower than my skill set	18.6%	9.1%
I have turned down a new job or promotion	16.6%	8.3%
I have changed industry or occupation	15.8%	7.6%
I could not find any jobs in my field that would allow me to continue caring	15.7%	7.5%
I have lacked the knowledge and confidence to apply for jobs	15.5%	7.4%
I have been denied an opportunity by an employer	7.1%	4.3%
An employer has changed my working conditions	6.1%	3.1%
None of the above	23.6%	37.1%

The 2022 Carer Wellbeing Survey referenced above found that many working age carers work fewer hours than they want or feel that they need to, with underemployment much more common amongst carers compared to the general population. Reflecting this, many carers reported working part-time hours, with 38.4% of carers who had paid employment working less than 20 hours a week. Twenty eight percent of carers did not have flexibility of work hours, while 46.4% had somewhat flexible hours, and 30.9% very flexible hours.<sup>7</sup>

It is important to remember that the employment impacts on carers are not confined to their immediate circumstances.

Even when a carer on the Carer Payment no longer provides care and they are of working age, if they have been out of the workforce for long enough, they often struggle to find employment. Many who are under retirement age when they cease to provide care are likely to transfer to another working age payment such as Jobseeker.

And the consequences of being out of the workforce for a long time follow them into retirement.

<sup>7</sup> Op. cit. [CARING FOR YOURSELF AND OTHERS \(carersaustralia.com.au\)](https://carersaustralia.com.au)

The 2015 Productivity Commission inquiry into superannuation policy for post-retirement found that involuntary retirement because of caring responsibilities or poor health is common, with data suggesting that around 28% of men and 25% of women aged 60-64 who retire do so for these reasons.

An economic analysis commissioned by Carers Australia on the impact of caring on lifetime income and retirement saving found that, on average, the superannuation balance of a primary carer at age 67 is reduced by about \$17,700 for every year they are in that caring role, with the most affected 10% forgoing at least \$940,000 in lifetime income, and \$444,500 in superannuation.<sup>9</sup>

The extent to which carers end up in retirement with minimal means of support and descend into poverty depends on the adequacy of the Age Pension, as it does for many Australians who find themselves in the same situation due to financial misfortunes brought about by their life circumstances. It is true that older carers who have managed to secure their homes over their lifetimes will need less income support than those who haven't. However, we note that currently 700,000 Age Pensioners are non-homeowners and those who rely on rent of one kind or another number 531,127. Nearly a third of these are in private rentals. Just under 150,000 are in government rentals.<sup>10</sup>

- Adequate subsidised replacement paid care (such as through aged care Home Care Packages or NDIS supports which should be provided not only to meet the needs of an aged person or a person with disability under the age of 65 but also to free the carers up to undertake some kind of work
- Flexible employment compatible with their caring responsibilities
- Improved employment leave provisions.

With respect to leave, paid carer leave is available for working carers under the *Fair Work Act* for two weeks annually. However, it must be taken out of their Personal Leave which includes sick leave (and which is one reason why carers may compromise their own health). On the back of recommendations from the Royal Commission into Aged Care Quality and Safety, the Productivity Commission has been charged with examining the merits of long-term unpaid leave for carers of the aged.<sup>11</sup>

This kind of leave is especially important when carers are thrust into the role by a sudden illness and/or the acquisition of disability or injury by a family member or friend who did not previously require care. It can be

<sup>11</sup> Productivity Commission, 2022, *Inquiry into Carer Leave*, [Carer Leave - Public inquiry - Productivity Commission](#) ([pc.gov.au](#))

massively disruptive and traumatising for the person assuming the caring role, and adjustment takes considerable time. In some ways, longer leave for carers in this situation has parallels with people who go on parental leave. They are suddenly responsible for the support and survival of a human being which eats up their time and energy for a considerable period of time and it is an intensive adjustment. The differences, of course, are that the arrival of a baby is normally happy event and that new parents get early notice of it. We know from anecdotal evidence that overwhelmed carers, who can't access long-term leave, are more likely to leave their jobs once they have exhausted their paid leave entitlements. People in this heightened emotional state may not consider or even be aware of barriers to re-entering employment after a lengthy absence due to care responsibilities. It can be hard to envision the future at all. When given time to adjust to the situation and explore what support is available for both the person they care for and themselves, they may find themselves in a position to go back to their previous employment if it is still available to them.

While we are still awaiting the outcome of the Productivity Commission's recommendations, it is a matter of concern to us that the Commission's terms of reference are largely confined to carers of the aged, even though the last reference is to consider the application of paid leave or long-term unpaid carers' leave for other types of care, such as caring for people with disability, chronic illness or terminal illness who are under the age of 65. Carers Australia is of the view that it makes no sense at all in terms of logic or social justice to confine an entitlement to extended unpaid carer leave to carers of older people, unless the intent is to artificially minimise the number of employees who have access to these provisions, which would be inequitable and overtly discriminatory.

### **Carers and Housing Security**

As with previous SDAC surveys, the 2018 SDAC identified that carers were more likely to own their homes without a mortgage than non-carers and were equally as likely to be paying off their homes as non-carers. This data reflects the large number of carers who are over the age of 65 (a third of all primary carers), many of whom who have already paid off their homes. Those carers under the age of 65 who were still paying off their homes were in about the same proportion as non-carers. Conversely, they were less likely to rent than non-carers. However, among those who did rent, they were more likely to rent from a state or territory housing authority than non-carers.

Whatever their housing status, most carers tend to live in more socio-economically disadvantaged areas as measured by the Socio-Economic Index for Areas (SEIFA).<sup>12</sup> This is likely to reflect that many carers have to give up employment provide care.

In addition, anecdotal evidence also suggests that, when the need arises to provide significant care to a member of the family (for example, which sibling in the family will perform the primary carer role for a parent), it is often the person who is not currently in employment or is perceived to have the least to lose financially who takes on the caring role.

For example, a person in the family who:

- earns less

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<sup>12</sup> Melbourne Institute, University of Melbourne, *The household, income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 20, 2022*, Online here [HILDA Statistical Report \(unimelb.edu.au\)](https://unimelb.edu.au/hilda-statistical-report)

- has a lower status job
- whose employment prospects are curtailed by disability, poor health or level of educational achievement.

In short, there is a bias toward people who have lower socioeconomic prospects to become primary carers.

The carers who are most likely to have insecure housing are those who rely on a social security payments and who are renting privately. This is explored further below.

**Recommendation:** Carers Australia supports recommendations of others in the community sector for governments to take meaningful and expedited action to increase the supply of social housing, including suitable social housing which meets the needs of both the carer and those they care for.

### Carers' health outcomes

Numerous surveys and studies over time have revealed that carers, especially primary carers, have significantly poorer health outcomes than non-carers.

The results from SDAC 2018 showed that over one-third (37.4%) of primary carers had disability, at twice the rate of non-carers (15.3%).<sup>13</sup>

The 2021 and 2022 Carer Wellbeing Surveys highlighted the poor health of carers, only 17.1% of respondents reported having very good or excellent health, 33.1% good health, and 48.6% having only fair or poor health. In the 2022 survey, there was a decline in general health for some groups of carers, including those aged between 25 and 44, with more than a 10% increase in those reporting poor/fair health. Similarly, the proportion of Aboriginal and Torres Strait Islander carers reporting poor/fair health increased by more than 10%.<sup>14</sup>

The reasons carers are particularly prone to poor health vary with individual circumstances, but there are common elements. Carers have a very high level of psychological distress which closely aligns to very high levels of social isolation and anxiety for the person they care for. This is especially the case for carers of people with a mental illness or psychological disability, an intellectual disability and drug/alcohol dependency. In addition, carers are very time poor and tend to put their own physical and mental wellbeing second to that of the person they are caring for. And, with respect to poor physical health, about a third of carers are over the age of 65.

However, poverty also has a role to play in determining poor health outcomes of carers. It escalates anxiety. It impacts on the capacity to maintain good nutrition (as hours of care do for exercise). Even where medicines are covered by PBS discounts, the residual costs of paying for multiple medicines can be very challenging. It affects the capacity to access specialist medical services and allied health professionals, not only for themselves but also those they care for. Affordable dental services are often inaccessible.

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<sup>13</sup> Op. cit. [Disability, Ageing and Carers, Australia: Summary of Findings, 2018 | Australian Bureau of Statistics \(abs.gov.au\)](#)

<sup>14</sup> Op. cit. [211011 Carer-Wellbeing-Survey\\_Final.pdf \(carersaustralia.com.au\)](#) and

## Carers and educational outcomes

While poverty is not the only factor which impacts on young carers' educational outcomes, many live in income poor households, especially in cases where they are in a single income household and/or in households dependent on social security payments for basic income support. Indeed, in September 2022,

1717 DSS Payment Demographic Data for Young Carers, 2018, [DSS Payment Demographic Data for Young Carers | Datasets | data.gov.au - beta](#)



7,031 young carers between the ages of 16 and 24 were themselves relying on the Carer Payment for basic income support.<sup>18</sup>

In recognition of the financial challenges faced by young carers, the national Government introduced a Young Carer Bursary, which is administered by Carers Australia. The program offers 1000 bursaries of \$3000 each year to assist with education needs and resources. It helps to cover such costs as expenses associated with school-based laptops/iPads, mobile phone costs, various school fees and a number of other day-to-day requirements.

There are some other support services that assist young carers with financial support and improved career outcomes. For example, Carers Western Australia has introduced holistic services to address barriers faced by young carers when it comes to achieving their vocational aspirations. These include:

- Financial supports for school-based equipment
- Individualised career counselling to assist young carers to identify their likes/ interests and aspirations and develop clear and achievable strategies to achieve these aspirations
- School-based advocacy services to provide ‘anchor points’ between school aged young carers and their school and identification support people to assist them
- Assistance with Centrelink and personal identification applications
- Support with job searches and applications, including further education applications (apprenticeship/ TAFE/ University).

**Recommendation:** At the very least, the number of young carers who have access to the Young Carer Bursary should be substantially increased.

### The relationship between income support and poverty

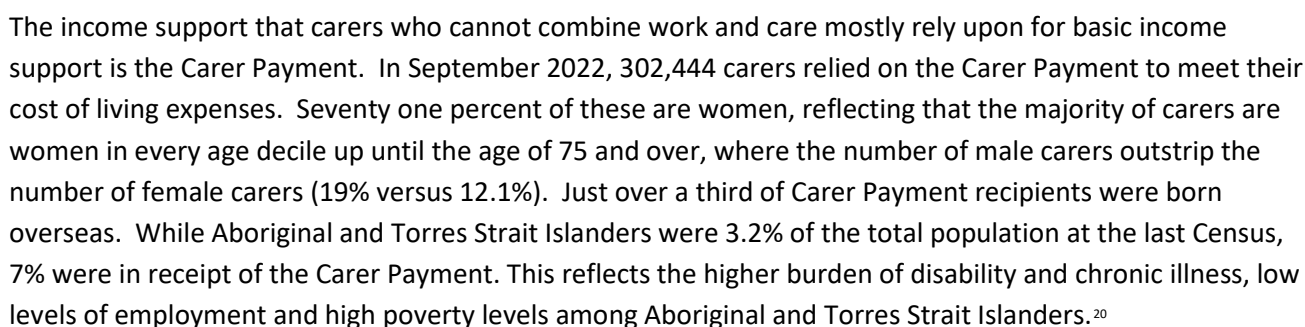
According to the 2018 Survey of Disability, Ageing and Carers (SDAC), 30.4% of primary carers were in receipt of a Government pension or allowance compared to 14.3% of non-primary carers and 9.2% of non-carers<sup>19</sup>. While the SDAC doesn’t break down which payments these carers were on, data on the number of people receiving the Carer Allowance across different social security payments was supplied to Carers Australia by the Department of Social Services for September 2022. (The Carer Allowance provides some assistance with the additional costs of providing care but not basic income support.) This data gives some indication of the range of social security payments which carers rely on. These include:

- 276,195 of those on the Carer Payment
- 95,295 of those on the Age Pension
- 23,470 on the Disability Support Pension
- 12,715 on JobSeeker
- 11,655 on the Parenting Payment (Single)
- 2,365 on the Parenting Payment (Partnered)
- 85 on the Youth Allowance

<sup>18</sup>DSS Payment Demographic Data, September 2022 [DSS Payment Demographic Data - Dataset - data.gov.au](https://data.gov.au/dataset/ds-2022-09-01-dss-payment-demographic-data)

<sup>19</sup> Op. cit. [Disability, Ageing and Carers, Australia: Summary of Findings, 2018 | Australian Bureau of Statistics \(abs.gov.au\)](#)





Certainly, the pension payments may seem generous compared to JobSeeker, which currently ranges from \$668.40 a fortnight for a single person to \$718.50 for a single person with dependent children (plus add-ons for people over 60 and foster carers, people with large families and some other circumstances). But it beggars belief that people can meet essential living costs under conditions of such limited income.

<sup>20</sup> Op. cit., [DSS Payment Demographic Data - Dataset - data.gov.au](#)

As with the Age Pension and the Disability Support Pension, the rate for the Carer Payment is just under \$600 per fortnight less than the minimum wage which is currently \$812.80 per week or \$1625 per fortnight.<sup>22</sup>

It is true that 71% of people on the Carer Payment also receive the Carer Allowance and the once a year \$600 Carer Supplement. However, the Carer Allowance was introduced in recognition that carers also incur additional, non-discretionary costs associated with caring. In particular, a key role performed by carers is transporting the people they care for to numerous medical and therapy appointments, which can present particular challenges for carers in regional areas, and this means keeping their cars on the road. In 2015 Carers Australia reached out to carers to ask what they spent the Carer Allowance on. Transport was identified among the top four items – including registration, car insurance, third party insurance, maintenance and repairs, petrol and parking fees. The other three top items were:

- Medicare gap payments (especially in relation to specialist fees) and pharmacy items not covered by PBS
- Therapy for the person being cared for
- Utility bills

The 2020 National Carers Survey<sup>23</sup> identified the following contribution of care costs.

Category	Percentage
Carer paid for medicine	60%
Carer paid for transport	50%
Carer paid for health services and equipment	33%
Carer paid for insurance	29%
Carer paid for support services	26%
Carer paid for no extra costs	23%
Carer paid for housing	22%
Carer paid for housing modifications	14%
Carer paid for other costs	11%
Carer paid for special training	5%

N=5525

It has always been hard for carers and people on other pensions to make ends meet, however with the current cost of living pressures on essentials such as food, energy, petrol and housing, for many it has become unmanageable and overpowering. Insufficient housing and the dramatic rise in the cost of rent is a particular challenge. Thirty one percent of people on the Carer Payment are in private rental accommodation. Given that the availability of rentals under \$400 per week dropped from 41.8% in March

<sup>22</sup> Fair Work Ombudsman, [Minimum wages - Fair Work Ombudsman](#)

<sup>23</sup> Carers NSW 2020 *National Carer Survey: Summary report*. <http://www.carersnsw.org.au/research/survey>

2020 to 19.3% in September 2022<sup>24</sup>, a great many people on pensions have little left over to pay for other essential cost of living items, even with Commonwealth Rental Assistance.

The Australian Council of Social Services (ACOSS) and its members have been advocating for some years for changes to the tax system to significantly increase the rate of Jobseeker, but to no avail.

A recent economic policy analysis from the Australian National University (ANU) Centre for Social Research and Methods has also addressed the need to increase social security payments through changes to elements of taxation. They found that:

*"The groups at most risk of deep poverty and financial stress are identified as persons receiving JobSeeker payments and working age pensions, defined in this paper as including Disability Support Pension, Parenting Payments (Single) and Carer Payments. Other groups also linked to poverty and financial stress are renters, single parents and young persons."*<sup>25</sup>

They find that working age pensions have a 52% poverty rate. This climbs to a 90.3% poverty rate for those on the JobSeeker Allowance.

The study uses the 2017-18 ABS Survey of Income and Housing to estimate poverty rates in December 2022. While they acknowledge that there are other ways of estimating poverty, they note that the same groups typically come up in studies using other metrics such as financial stress.

Mindful of the reluctance of governments over time to significantly increase the draw down from the Budget to increase welfare payments, combined with resistance to funding increases through significant changes to the tax system, they posit three comparatively modest changes to the tax system (ranked at low, medium and high) to increase the base rates of these payments.<sup>26</sup>

The options involve relatively small changes to personal income tax thresholds, changes to capital gains tax and changes to superannuation taxation which would shift the current relatively flat rate to a more progressive one. The authors note that the proposed changes would benefit those in most financial need and be paid for by those able to accommodate a modest additional contribution.

The low policy option increases the JobSeeker maximum rate by \$150 and Commonwealth Rent Assistance by 50%. The option would be funded through a reduction in the current rate of discount applied to the capital gains tax from 50% to 37.5%.

Under the modest option, the JobSeeker singles payment, the Disability Support Pension and the Carer Payment and would increase by \$200 per fortnight and increase current welfare cash payments by 8%. This would be funded by:

- lowering the capital gains tax discount as per the low policy option

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<sup>24</sup> [Rent prices Australia: Why it's never been harder for to find a rental under \\$400 | SBS News](#)

<sup>25</sup> Associate Professors Ben Phillips and Richard Webster, ANU Centre for Social Research and Methods, *A Fairer Tax and Welfare System for Australia*, April 2022, p.2 [A FAIRER TAX AND WELFARE SYSTEM 0.pdf](#) ([anu.edu.au](http://anu.edu.au))

- aligning personal income tax thresholds with wages growth
- altering superannuation taxation to an individual's personal top marginal tax rate minus 20 percentage points, rather than largely 15% on both contributions and earnings
- changes to the current tax-free status for retiree superannuation income over the age of 60.

The high policy option would increase JobSeeker by \$436 per fortnight and the Disability Support Pension and Carer Payment by \$200, the Family Tax Benefit Part A up by 20% and Commonwealth Rent Assistance by 50%. The increase to welfare payments would be 16%. It involves the same taxation options as the modest policy option but reduces the discount on superannuation taxation from 20% to 15%.

Under each of these options, the Parent Payments are lifted to be equivalent to the JobSeeker single payment.

In terms of the impact of these reduced tax benefits on households, they note that:

*"With Australia's tightly means tested welfare system, most of the increase in welfare will be a transfer to lower income households. Since most personal income tax is paid by high income households and most superannuation tax is paid by high income/wealth households, the additional (although modest) tax burden would be felt by high income and wealth households."*<sup>27</sup>

It is Carers Australia's view that it is an absolute core responsibility of governments to ensure that people living in this country don't have to live in poverty and that this responsibility takes precedence over most competing policy goals that are less urgent.

### Recommendations:

- A major independent review of the adequacy of the base rate for social security income support including in particular JobSeeker, the pensions, Single Parent Payment and Youth Allowance.
- That recent legislative provisions to allow people over the age of 65 on the Age Pension, the Disability Support Pension and the Carer Payment to earn an extra \$300 per fortnight over the current income free area before the taper rate of 50 cents in the dollar begins to impact on their pension payment should be extended to people on working age pensions under retirement age whose capacity to increase workforce participation is just as relevant as it is for older people.

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<sup>27</sup> Ibid. [A FAIRER TAX AND WELFARE SYSTEM 0.pdf \(anu.edu.au\)](#), p14

### **Information contact:**

Carers Australia  
Unit 2, 11 McKay Lane TURNER ACT 2612  
Telephone:  
or email

### **About Carers Australia**

Carers Australia is the national peak body representing the diversity of the 2.65 million 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.

In collaboration with our members, the peak carer organisations in each state and territory, we collectively form the National Carer Network and are an established infrastructure that represent the views of carers at the national level.

Our vision is an Australia that values and supports all carers, where all carers should have the same rights, choices, and opportunities as other Australians to enjoy optimum health, social and economic wellbeing and participate in family, social and community life, employment, and education.

This includes carers:

- Who have their own care needs
- Who are in multiple care relationships
- Who have employment and/or education commitments
- Aged under 25 years (young carers)
- Aged over 65 years, including 'grandparent carers'
- From culturally and linguistically diverse backgrounds
- Who identify as Aboriginal and Torres Strait Islander
- Who identify as lesbian, gay, bisexual, transgender, intersex (LGBTI+)
- Who are living in rural and remote Australia, and
- Who are no longer in a caring role (former carers).

Carers Australia acknowledges Aboriginal and/or Torres Strait Islander peoples and communities as the traditional custodians of the land we work on and pay our respects to Elders past, present and emerging. As an inclusive organisation we celebrate people of all backgrounds, genders, sexualities, cultures, bodies, and abilities.