

31 October 2012

Mr Tim Watling
Committee Secretary
Senate Education Employment and Workplace Relations Reference Committee
Inquiry into the adequacy of the Newstart Allowance and other payments
Parliament House
Canberra ACT 2600

Re: Older carers and the Newstart Allowance

Dear Mr Watling

The National Welfare Rights Network (NWRN) has followed with interest the recent hearings of the Committee's deliberations into the adequacy of the Newstart Allowance and other payments. We write to highlight the experience of former carers who are often transferred from the Carer Payment to the Newstart Allowance when their caring responsibilities end. The financial impact can be devastating for those affected, mainly older women. Some former carers experience a reduction in weekly income of over \$200 which amounts to 40 per cent of their income. Carer Payment is paid at the same rate as the Age or Disability Pension. A supplementary Carer Allowance of \$57 per week may also be payable.

At December 2011, there were 195,183 Carer Payment recipients. Of these, 69% were aged 45 years and older; 57% were aged 45–64 and 11% were aged over 65. Carer Payment recipients were predominantly women—69% of total recipients at December 2011.

The Australian Law Reform Commission's recent discussion paper, *Grey Areas - Age Barriers to Work in Commonwealth Laws* noted that "studies have shown that working age carers experience difficulties in combining paid work and care, with carers more likely than non-carers to reduce their hours of work or exit from the labour force and to earn lower levels of income." Centrelink reports that of the 195,000 people receiving Carer Payment, just 19,671 reported any earnings at June 2011.

Carers are not expected to look for work or return to the paid workforce immediately after the care recipient's death; however, the existing arrangements provide only limited relief for carers when their circumstances change. Bereavement Allowance is paid at the same rate as the Carer Payment for 14 weeks and the person remains eligible for the Pensioner Concession Card for this period. The Carer Allowance is not payable during the 14 weeks but ceases immediately. After this period, many of these carers will be required to apply for the Newstart Allowance.

Similarly, a person who ceases caring because the person they were caring for moves into an aged care facility will also have their Carer Payment cancelled and will be moved onto another income support payment, usually the lower-paying Newstart Allowance. Former carers continue to receive the higher payment and the Pensioner Concession Card for an additional 14 weeks.

In 2010-11 there were 44,840 carers who had their payments cancelled because they ceased caring. Many of these carers were transferred to the lower-paying Newstart Allowance. These people are at significant disadvantages in the labour market, having had no recent workforce experience. Over half (fifty five per cent or 22,227) of these carers were aged between 45 and age pension age.

Most former carers experience a significant decrease in their weekly income, and thus a major fall in their standard of living. Carer Payment with Carer Allowance is nearly \$200 per week higher than the Newstart Allowance. If renting privately, the person may also be affected by the 'sharers' Rent Assistance rules which will reduce the maximum rate of Rent Assistance by a third, to \$40 a week. When the carer is transferred to Newstart Allowance there are also other negative consequences including a far less generous income test on Newstart Allowance and the loss of valuable concessions attached to the Pensioner Concession Card. These concessions are estimated to be worth, on average, \$30 per week.

Unless the former carer is able to find paid work or qualifies for another higher income support payment, they will be transferred onto Newstart Allowance and face a reduction of income in excess of \$200 a week. Some of these carers may even still be visiting their caree in a nursing home, and hence still face additional costs associated with their caring role.

NWRN notes that the Committee has heard from Carers Australia about the difficulties experienced by carers and we share their concerns for carers who are placed in poverty after many years of caring..

Yours sincerely

Maree O'Halloran AM
President
National Welfare Rights Network