

Additional Comments by Labor Senators

Family Assistance, Social Security and Veterans' Affairs Legislation Amendment (2005 Budget and Other Measures) Bill 2006

The changes to Carer Allowance were the focus of the submissions to the Committee's inquiry, and evidence given to the public hearing on 14 March 2006.

Current Access to Carer Allowance

The Committee heard that 95,000 people are currently granted Carer Allowance each year, comprising 72,000 new Carer Allowance (adult) recipients and 23,000 new Carer Allowance (child) recipients.

The Department of Families, Community Services and Indigenous Affairs confirmed that 72 per cent of the 23,000 new recipients of Carer Allowance (child) receive backdated payments under the current arrangements, which equates to 16,560 carers being eligible for up to a maximum 52 weeks backdated payment.

The Department also indicated that 36 per cent of the 72,000 new recipients of Carer Allowance (adult) are backdated under the current arrangements, which equates to 25,920 carers being eligible for up to a maximum 26 weeks backdated payment.

The Government's Proposal

Under the proposed changes in the Bill the maximum backdated payment that the 95,000 new Carer Allowance recipients each year would be eligible for would be just a maximum 12 week backdated payment.

The Department confirmed that the annual savings generated by this measure totalled \$34.657 million. This comprised savings of \$23.969 million for the child payment and \$10.688 million for the adult payment.

The figures provided by the Department show that the 16,560 people who currently get Carer Allowance (child) backdated by up to 52 weeks will lose on average \$1,450 each as a result of this measure.

The figures provided by the Department show that the 25,920 people who currently get Carer Allowance (adult) backdated by up to 26 weeks will lose on average \$410 each as a result of this measure.

By the Department's own evidence a total of 42,480 carers will be adversely affected by this measure each year. With backdating restricted to 12 weeks under the Bill, new recipients of Carer Allowance (child) will lose up to \$1,894, while new recipients of Carer Allowance (adult) will lose up to \$663.

Impact on Carers

No evidence was provided by the Department about the impact these cuts would have on carers.

No arguments were advanced as to why carers should be denied the current rates of backdating in the future.

The Department confirmed that the decision to slash the current backdated period from 52 weeks to 26 weeks, for child and adult payments respectively, was simply a political decision taken by the Howard Government.

It was indicated that the measure was to bring the backdating of Carers Allowance in line with the treatment of other payments.

Witnesses pointed out that while the Government had consulted about measures in the Budget that were positive for carers, there had been no consultation about this proposal.

Labor Senators take the view that the proposal to cut Carer Allowance backdating is simply about savings – savings that the Government wants to generate at the expense of 95,000 carers each year.

These cuts are particularly severe in the context of the contribution that carers make to the Australian economy each year.

A recent report by Access Economics, commissioned by Carers Australia, found that in 2005 about 2.6 million people – 1 in 8 Australians – are estimated to be providing informal care to a family member or friend.

The report estimated that informal carers provided a total of 1.2 billion hours of care in 2005. If all hours of informal care were replaced with services purchased from formal care providers and provided in the home the replacement value would be \$30.9 billion.

Carers look after their family members and friends day in, day out 365 days a year. We cannot ignore the fact that providing informal care comes at a cost to carers in terms of their well-being, quality of life, financial security and opportunity to be in the paid workforce.

The contribution carers make is not only to the people they care for, but also to the community and to the economy more broadly. The saving of \$35 million per year to reduce the backdating provision to 12 weeks should be considered in light of the fact that informal carers save the economy \$30.9 billion per year.

Labor Senators note that the Chair of the Committee has accepted the harshness of the Government's plans through his second recommendation, which would allow greater than 12 weeks worth of backdating in some circumstances.

The Committee also heard evidence from a number of groups that many people were unaware of their entitlement to the Carer Allowance and therefore did not apply for it immediately. They indicated that a further reason for not applying for the allowance was that parents in particular suffered from denial after the diagnosis of a child with a disability.

The submissions by a number of groups also noted that there exists a widespread belief, particularly amongst General Practitioners, that the carer must obtain a medical diagnosis of the condition affecting the person they are caring for before they can apply for Carer Allowance.

Carer representatives also identified that the form that is used to make application for the Allowance is misleading, leading the medical profession to indicate a medical diagnosis rather than an assessment of care needs.

The Department indicated that the Government makes no attempt to proactively identify those people who may be eligible for Carer Allowance to inform them of their entitlement.

These are important justifications for why Carer Allowance currently has relatively generous backdating rules.

Implicit in the Government's costing of this measure is the assumption that large numbers of people will continue to remain unaware of their entitlement to Carer Allowance and be denied the backdated payment.

Labor Senators acknowledge that the Chair of the Committee has attempted to address the lack of awareness of Carer Allowance in his first recommendation however we also note that the Government has provided no commitment to implementing such an education campaign.

The harsh cuts in payments to carers as a result of this measure – at current payment rates up to \$1,894 per carer, totalling \$35 million a year – are significant and stand in stark contrast with the Howard Government's policy of paying up to \$3,300 a year to millionaire families in receipt of Family Tax Benefit Part B.

Labor will be proposing amendments to the Bill to ameliorate the impact of this measure.

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