

Submission
from
the National Welfare Rights Network (NWRN)
to
the Senate Community Affairs Legislation Committee
on
the Family Assistance, Social Security and Veteran's Affairs
Legislation Amendment (2005 Budget and Other Measures) Bill
2006

10 March 2006

1. Carer Allowance provisions

Carer Allowance is an income supplement that is paid to a person who provides daily care to a person with a disability or significant medical condition. It is non-means tested and paid at the rate of \$94.70 per fortnight.

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.

As at 1 November 2005, there were 334,085 Carer Allowance recipients. We have been unable to ascertain how many new claims were made for Carer Allowance in 2005, the average number of new claims per annum over the last 10 years, or the average number of weeks that Carer Allowance claims are backdated.

2. The Government's proposal

The Commonwealth Government intends to tighten the backdating provisions for claiming Carer Allowance to limit them to just 12 weeks prior to the date of claim. These changes were originally announced in the 2005-2006 Budget and if passed, take effect from 1 July 2006.

The proposed changes more than halve the amount of back pay that a person is entitled to in some cases. This could mean that a person who is providing a valuable caring role for a child with a serious disability could miss out on \$1,894. This equates to 20 fortnights of Carer Allowance. The changes will save \$34.7 million in \$2006-07, increasing to \$109.2 million over four years.

3. Current backdating provisions for other Social Security payments

Appendix 1 lists the current backdating (or similar) provisions as they relate to the Social Security Act and the Family Assistance Act. As a rule, income support payments do not allow for backdating, except for Sickness Allowance which can be backdated for up to five weeks.

However, a range of payments related to care and support for children, while not specifically allowing for backdating of claims, effectively achieve this by allowing a person to obtain a benefit if it is claimed within the required time frame, depending on the circumstances of the payment, effectively within 13 weeks, 26 weeks or 104 weeks.

See table of backdating provisions set out in Annexure 1.

In summary, there is a range of backdating provisions depending on the nature of the payment, its purpose and the circumstances in which it is to be paid. Carer Allowance has always been a stand-out exception because of the circumstances so often surrounding this payment. It has been a conscious policy decision to allow 26 weeks and 52 weeks backdating rather than an anomaly.

4. Problems with the proposed reduction in backdating.

The National Welfare Rights Network (NWRN) and numerous other welfare, carer and disability groups are strongly opposed to these changes.

The reasons for the current, unique backdating provisions are sound. They are to be found in the nature of the payment itself.

- i) The backdating provisions are designed to take account of the fact that Carer Allowance is **a supplementary payment, not a primary income payment**. Where a person loses their primary income because they are required to care full-time for a person, it is reasonable to expect that they would understand that they may have an entitlement for income support and that therefore they should lodge a claim with Centrelink to test this. However, Carer Allowance is not a primary income support payment so this expectation is not realistic.
- ii) In fact, **Carer Allowance has a low profile in the community** and many carers lack awareness of it. In the experience of Welfare Rights workers, the last thing on the mind of a person who finds themselves in the situation of having to provide care is to contact Centrelink to see if there is a supplementary payment available.
- iii) It is also in the nature of Carer Allowance claims that it can take a **considerable time, up to and even beyond 12 months, for a family to actually obtain a diagnosis** or ascertain the actual nature of the condition (see case study of Bruce Young Smith below).
- iv) Carer Allowance is **not means tested** and is paid regardless of either the income or assets of the carer. Whilst many people with caring responsibilities and eligibility for Carer Allowance are in receipt of another Centrelink payment, awareness of the availability of Carer Allowance is much lower even amongst this group. However, it is even greater outside this group, among people who are not on a Social Security payment and especially among people who would be aware that generally they would not qualify for normal means tested Social Security payments through Centrelink
- v) The backdating provisions are also an **acknowledgment of the valuable contribution that carers make to our community and that caring is often a costly exercise**. In view of (iii) above, it is often the case that considerable extra costs associated with the disability or condition have been met by families for well

in excess of 12 months before a Carer Allowance claim is made to Centrelink. In some cases, should the care not be provided at home, the caree may be forced into an institution, which is much more expensive for governments.

Clearly, there are practical reasons why the current backdating provisions for Carer Allowance constitute good policy as they were designed to meet the circumstances of people likely to apply for Carer Allowance in order to ensure that people caring for children with disabilities get the support that they need.

A psychologist that works with families of children with Autism Spectrum Disorders (ASD) pointed out to Welfare Rights in response to this proposal that families may wait up to a year or more when suspecting their child has ASD on a waiting list for a public assessment. She argued it is only fair to back-pay parents for the time their child has had undiagnosed ASD and the parents have devoted the extra care and their own funds for services to help their child.

Carers for adults with a severe onset of illness experience difficulties similar to those of caring for children in that they are unlikely to be aware of the existence of Carer Allowance and the carer may have their hands full coping with the caree's illness. If a person has a stroke, they may be unable to look after themselves, let alone continue to earn a living. They may be looked after by their partner, who would also have to look after the personal, emotional and financial implications of the stroke on the household. In such situations, there is no way to determine whether the condition is permanent, or whether it might improve with rehabilitation. The carer, unable to make plans for the future and often placed in a precarious financial situation, would benefit significantly from receipt of Carer Allowance under the current backdating provisions.

5. Case study

The experience of Mr Bruce Young-Smith (see below) in coping with the events of his three year old daughter's diagnosis of cerebral palsy and of the difficulties confronting parents of a child with a disability – and why the current rules should remain as they are.

Case study: One family's experience with Carer Allowance backdating provisions

In my case my daughter was one month off 3 years old before doctors were able to ascertain her disability of cerebral palsy.

Prior to that there were a mirriad of appointments/tests etc that we had to go thru as well as trying all sorts of things ourselves in trying to put a light on the problem we tried all sorts of aids and facilities trying to get a finger on the problem.

As above we were too worried about trying to determine our daughters problem without going thru the social security support system discovery problem which by the way is a secret minefield in itself to a new initiate.

We were gratefully surprised when we were granted 12 months back pay but found this did provide some recompense for equipment etc we found we had to obtain in our quest to discover the problem. The lost time and cost of attending medical appointments etc was additional.

We live in Darwin. How could someone who lives even gove let alone the more remote communities expect to uncover the secrets of the social security system in a timely fashion as may well be able to be done in the well heeled eastern suburbs of Sydney?

I also must point out that when our daughter was younger the then \$70 did not even cover the weekly cost of huggies and she was too big for cloth nappies and too small for adult size huggies.

We currently use the allowance to provide for this or that equipment that we hope will someday enable her to walk unaided. I would hope that you and your colleagues take this into account when you consider the bill.

Bruce Young-Smith
NT Convenor
Australian Association of Families of Children with a Disability

6. Rationale for the proposed changes

NWRN is concerned that no sound reason has been given for these changes in the Explanatory Memorandum which accompanies this Bill. This proposal is mean spirited and has the effect of clawing back some of the additional costs associated with the extension of eligibility for Carer Allowance (adult), allowing it to be paid to a person who did not reside in the same residence as the caree, that the Government was pressured into just a year ago.

7. Conclusion

Carer Allowance is an income supplement that is paid to someone who provides daily care to a person with a disability or significant medical condition, and the care is provided in the home of the care receiver or the carer. It is a very different payment to general income support payments that are paid through Centrelink. It has therefore had different backdating provisions and nothing has changed to remove the rationale behind, and need for, these provisions. They should remain.

This is particularly so given that Centrelink lacks a culture of encouraging claims for Social Security entitlements. For example, a parent of a child with a disability may claim Parenting Payment (single) as their main income support payment – rather than claiming Carer Payment. Centrelink is made aware that the child has a disability – but, in our considerable experience, it would be very rare for the parent to be told that they might be eligible for Carer Allowance and encouraged to lodge a claim. This is not the way Centrelink operates.

The current rules relating to the backdating of Carer Allowance provisions are there to recognise that people who are caring for family members with severe disabilities are often unaware of their entitlements and are often preoccupied with providing hands on support, rather than contacting Centrelink.

NWRN can see no reason for changing the current provisions.

8. Widespread opposition to proposals

As a result of media reports about the plans to change the Carer Allowance backdating provisions, NWRN has received phone calls and emails from dozens of concerned carers, health professionals and disability specific support groups, wishing to express their opposition to the proposal before the Committee. The following organisations have endorsed

the NWRN position and asked that they be listed in this submission as being opposed to the proposal and in support of retaining the current backdating provisions:

Australian Association of Families of Children with a Disability

Australian Federation of Disability Organisations (AFDO)

Association for Children with a Disability (Victoria)

Association of Children with a Disability (NSW)

People with Disabilities, Ross Morton, Secretary

The Friends of Brain Injured Children (ACT)

Fisher Road Public School P & C Association

National Council on Intellectual Disability

Down Syndrome Association of WA

Down Syndrome (Victoria)

The Thalassaemia Association of WA

Appendix 1: Backdating provisions for Social Security payments

Payment type/circumstance	Backdating (or similar) provisions
Age Pension, Disability Support Pension, Carer Payment, Newstart Allowance, Youth Allowance	Paid only from date claim (or intention to claim) lodged with Centrelink
Sickness Allowance - Incapacitated	If the claim is made more than five weeks after the date on which the person became unable to work, payments will be backdated to this date. Claims made after five weeks can be backdated where the delay in claiming is caused mainly by the injury or sickness may be backdated to the date of claim for up to four weeks.
Child Care Benefit	Must be claimed within two financial years
Family Tax Benefit	Must be claimed within two financial years
Pensioner Education Supplement	The start day may be backdated to the first day of qualification if the claim is made within 4 weeks of that day
Maternity Allowance (one-off)	Must be claimed within 26 weeks of birth
Maternity Immunisation Allowance (one-off)	Must be claimed before the child turns two
Double Orphan Pension	The start date may be backdated to the day of qualification if the claim is lodged within 13 weeks of the birth of the child being cared for. In addition, the start date may be backdated to the date of qualification for a person claiming Double Orphan Pension after another person receiving it has died, if the claim is lodged within 13 weeks of the first person's death
Claim made after partner's claim	If a person claims a benefit or pension within 14 days of their partner claiming a benefit or pension and both claims are granted the person's start date is the first day they are qualified after their partner's start date