



2020-21 Federal Budget Submission

December 2019

AN AUSTRALIA THAT VALUES AND SUPPORTS ALL CARERS

ABOUT CARERS AUSTRALIA

Carers Australia is the national peak body representing the diversity of Australians who provide unpaid care and support to family members and friends with a:

- disability
- chronic condition
- mental illness or disorder
- terminal illness
- or who are frail aged

Carers Australia believes all carers, regardless of their cultural and linguistic differences, age, disability, religion, socioeconomic status, gender identification and geographical location should have the same rights, choices and opportunities as other Australians.

They should be able to enjoy optimum health, social and economic wellbeing and participate in family, social and community life, employment and education.

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INTRODUCTION

Carers Australia values the widespread political and community recognition of the contributions of unpaid family and friend carers, both to society and the economy. It is also widely understood that providing care to a family member or friend often comes at personal cost, including to the carer's own health and wellbeing. Even with this recognition, carers and those they care for are often unable to get the services and support they need. These support needs can cover a number of areas of government policy, including employment, health, social support services, aged care, disability care, education, administrative law, aspects of taxation and superannuation, and government payments.

The measures proposed in this submission are:

1. raise the rate of Newstart, the Youth Allowance and other related payments
2. model the costs and benefits of providing the Superannuation Guarantee to people receiving the Carer Payment who have had to give up employment to provide continuous care and, as a consequence, forgo the benefits of employer superannuation contributions for the period they are out of the workforce
3. flexible requirements for carer jobseekers on Newstart
4. preserve NDIS funds in a Special Account to ensure that the NDIS continues to meet its purpose as specified in the founding legislation
5. retain funding for certain early childhood interventions
6. permanently increase the base rate for grants where Equal Remuneration Order supplementation to the community sector currently applies so as to incorporate the current rate of ERO supplementation.

INCOME AND EMPLOYMENT SUPPORT: RECOMMENDATIONS

1. Increase the rate of Newstart, Youth Allowance and other related payments

The issue

Newstart is the main income support payment for the unemployed – including those who undertake a substantial caring role but do not provide the full-time care needed to qualify for the Carer Payment. Many young carers rely on the Youth Allowance for income support.

These payments are broadly categorised by Government as short-term transitional payments which people can get by on prior to finding a job. But as the data below relating to Newstart shows, for many people it is neither short-term nor transitional.

The current rate of Newstart payment for a single person without dependents is \$277.50 a week, and this is against the background where the poverty line in Australia is around \$430 a week for a single person with no children. It beggars belief that this can be regarded as an adequate social security safety net. Nor does it adequately meet the costs of successfully seeking employment such as transport, internet access, mobile phone credit and, in many cases, acceptable personal presentation.

What we know

- The base rate of the Newstart Allowance has not increased in real terms in 25 years despite the application of CPI indexation (which does not capture the patterns of essential expenditure for low income groups). Essential costs of living have continued to rise and, for those renting, the cost of renting has risen to historical heights.
- The majority of Newstart recipients are still searching for work after a year on the payment. In March 2018 the Australian Council of Social Services (ACOSS) reported that:
 - 64 per cent of Newstart recipients had been on the payment for more than one year;
 - 44 per cent had been on the payment for over two years; and
 - 15 per cent had been on the payment for more than 5 years.
- Long-term carers transitioning from Carer Payment to Newstart when their caring role diminishes or ends can find it particularly difficult to find employment after years out of the workforce. According to the 2017 Valuation Report for the Australian Priority Investment Approach to Welfare commissioned by the

Department of Social Services, around two thirds of those on Carer Payment who are projected to exit from the Payment over the next 10 years will move on to another income support payment, and a substantial proportion of them will move onto a working age payment

Recommendations:

Carers Australia supports the recommendations of the Australian Council of Social Services (ACOSS) that:

- 1. The rate of Newstart , Youth Allowance and related payments (Allowance Payments) for single people should be raised by a minimum of \$95.00 per week as soon as possible.**
- 2. Establish an independent Social Security Commission to provide expert advice to Parliament on the settings for securing an adequate level of support to meet the necessities of a decent life for the most vulnerable and disadvantaged Australians.**
- 3. The Allowance Payments (for both singles and couples) should be indexed twice per year to movements in a standard Australian Bureau of Statistics measure of wage levels (before tax), as well as movements in the Consumer Price Index.**
- 4. Maximum rates of Rent Assistance should be increased by 30% (currently a \$21 per week increase, in the case of a single adult without children). Current indexation arrangements (6 monthly CPI indexation) should be reviewed as part of a broader review of the supplement to ensure it reflects movements in rents and is responsive to local housing market conditions.**

2. A Superannuation Guarantee for Carers

The issue

A significant number of Australians give up paid employment, often for many years, to care for family and friends. .

This disadvantage continues when long term carers no longer provide care as their chances of finding employment are poor, and they will rely on some form of income support for a very long time after they have exited the Carer Payment. Those who do return to paid work have still forgone years of superannuation contributions with compounding interest.

In November 2018, a motion was passed by the Senate calling upon the Government to model the costs and benefits of providing the superannuation guarantee to people who rely on the Carer Payment as their major source of income and to seriously consider providing the guarantee to those carers.

Against a background where the cost to the economy of replacing the care provided by unpaid family members and friends is estimated to be \$60.1 billion per year, Carers Australia supports moves to investigate and consider the position of carers who have had to give up work and rely on social security payments, in particular in relation to forgone superannuation.

What we know

- DSS Payment Demographic Data for June 2019 revealed that:
 - 282,097 individuals received the Carer Payment:
 - of whom 197,049 are women; and
 - 85,048 are men.
 - 66,073 have cared between 1 and 5 years;
 - 76,077 have cared for between 5 and 10 years;
 - 53,178 have cared for over ten years.

Recommendation:

The Government to ask the Productivity Commission to model the costs and benefits of providing the superannuation guarantee to people who have had to give up employment to provide continuous care and who rely on the Carer Payment for income.

3. Flexible participation requirements for carers on Centrelink jobseeker payments

The issue

Many unemployed carers who provide substantial care, but not the constant care which would qualify them for the Carer Payment, are on the Newstart Allowance or the Youth Allowance. They are in a similar position to primary parents of children (including especially sole parents) who have many constraints on their ability to find and keep jobs. They need to work in close proximity to the people who they care for in order to provide support. They need employment which will allow them to take leave at short notice to respond to unexpected caring responsibilities. These special circumstances can limit their employment options and also impact on their capacity to meet Newstart's mandatory job seeking requirements.

What we know

- Newstart jobseeker payments require carers to seek full time employment (of more than 30 hours a week) or meet other equivalent participation requirements. There appears to be no explicit flexibility for carers who are providing daily support to look for part time employment. Nor is there recognition of the hours they care towards meeting job-seeking requirements.
- There is no recognition of the economic contribution made by carers, and the hours of care are not included as a measure of meeting participation requirements.
- Participation in the labour market could be better achieved by addressing barriers to gaining and maintaining employment, rather than putting job search requirements in place.

Recommendation:

Job search requirements should take reasonable account of the ongoing caring responsibilities of jobseekers, for example by including hours of unpaid care as a participation activity and providing flexibility around mandatory jobseeker requirements to accommodate their caring responsibilities.

PRESERVATION OF SERVICE FUNDING: RECOMMENDATIONS

4. The preservation of unspent NDIS funds for future spending

The issue

The 2018-19 Federal Budget outcome included a \$4.9 billion underspend of NDIS funds which was returned to general revenue rather than rolled over to support future funding needs.

The promise of the NDIS is to entitle people with a "permanent and significant" disability to full funding for any "reasonable and necessary" support needs related to their disability (subject to certain restrictions), now and into the future.

Subjecting NDIS to the exigencies of Budget processes undermines the reliability of this promise.

The Government has the capacity to notionally set aside money in the Consolidated Revenue Fund in a Special Account to be spent on a defined activity. Money set aside in the Special Account cannot be used for any other purpose than as defined by legislation or a determination. Indeed, the Government proposed the establishment of an NDIS Savings Fund in 2016 but the legislation to establish lapsed with the dissolution of the 44th Parliament. A Special Account is a suitable appropriation mechanism when it is important to have transparency to show that money has been spent for a specific purpose and is often used when Commonwealth, state and territory governments each make a contribution. A Special Account also holds the money appropriated to it until it is spent or the legislation that enables it is repealed (or, if created by a determination, it sunsets), so that unspent funds do not have to be returned to consolidated revenue in the same way as do annual appropriations

What we know

- In 2018-19 there was an NDIS underspend of \$4.3 billion which was returned to consolidated revenue.
- The reasons for the underspend cannot be attributed to lack of demand, either currently and into the future, but to delays in spending arising from a variety of factors including:
 - the difficulty and slowness of the application process
 - the high demand for plan reviews accompanied by long wait times to complete reviews
 - difficulty in actioning plans, which in part is a by-product of the unacceptably low prices the NDIA has been prepared to pay.

- As blockages in the NDIS system are addressed, as participants become more comfortable and experienced in spending their packages on allocated supports, as new applicants come into the system over time, as participants age and may require higher levels of support, as new technologies become available, as better housing options become available, the cost of providing a sustainable NDIS that delivers on its promise needs to be secured.

Recommendation:

In order to help ensure that the NDIS meets its objectives to deliver reasonable and necessary supports to eligible participants now and into the future, a Special Account should be created to hold all NDIS appropriations.

5. Early Childhood Early Intervention services

The issue

Funding for programs such as PlayConnect Playgroups, Early Days parent workshops and Raising Children's Network, through the Helping Children with Autism and Better Start programs, will end on 30 June 2020. These programs are critical to supporting and informing families of young children with disability while they are on the pathway to diagnosis prior to NDIS entry or to other supports, and their funding should be renewed.

What we know

- Parents of children with disability face many challenges as they learn about their children's needs, accessing services and resources, processes for diagnosis and treatment, and the supports available, including access to the NDIS and government payments.
- Many parents need personal support too, as they face the many emotions of learning that their child has a medical condition or disability, including grief, anger and blame. They can experience stress and isolation as they:
 - may need to change their employment arrangements or give up work altogether
 - learn about their child's disability and how the child can reach their full potential

- juggle other family responsibilities, including caring for other children in the family.
- Services provided by Early Childhood Early Intervention (ECEI) NDIS partners are in high demand and there are long waiting times for support. Many families engage with PlayConnect, Early Days and the Raising Children Network to access reliable and timely information and support and to connect to other families.
- Further, the supports provided through these programs fill a critical gap in delivering early childhood services because many of the children whose families use these services will never be participants in the NDIS. This may be because their condition or disability does not qualify them for support or because of the therapeutic effect of early intervention (for example, reducing the development delays).

Recommendation:

That early childhood interventions, previously funded through the Department of Social Services under the Helping Children with Autism and Better Start programs, be continued for a further three years from July 2020.

6. Equal Remuneration Order Supplementation

The Issue

The Fair Work Commission 2012 **Equal Remuneration Order (ERO)** to address gender-based inequality in wages paid to workers in the social and community sector was followed by the **Social and Community Services Pay Equity Special Account Act 2012**.

This Act was designed to address Social and Community Sector Award funding adjustments arising from the ERO in order to accommodate increases in the award to enable certain federally funded organisation to maintain essential service levels.

A sunset date of June 2021 was incorporated in the Act in the expectation that the supplementation would be a temporary solution to pay equity which would later be achieved through a more permanent solution. This did not occur.

It is our understanding the Government will no longer pay the supplementation from July 2021 on most grants and the base rate of affected grants will not incorporate supplementation

What we know

- ACOSS has estimated that If the base grant for programs currently receiving ERO supplementation does not rise to incorporate the ERO payments, the sector is at risk of losing more than \$500 million in government funding and this will result in significant funding cuts for community sector organisations delivering federally funded programs.
- The reduction in funding will impact many community organisations which support vulnerable Australians who are likely to have to cut staffing levels which, in turn, will make it difficult to continue to provide the current level of services.
- This will include organisations providing carer advocacy and support services.

Recommendation:

The base rate for grants where ERO supplementation currently applies should be permanently increased so as to incorporate the current rate of ERO supplementation