



**Submission on the Social Services  
Legislation Amendment (Omnibus  
Savings and Child Care Reform) Bill 2017**

February 2017

**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
- drug or alcohol problem
- 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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# Executive Summary and Recommendations

Carers Australia welcomes the opportunity to provide comment on the *Social Services Legislation Amendment (Omnibus and Child Care Reform) Bill 2017*. Carers Australia's submission primarily focuses on the impact on carers of the following proposed amendments:

- Cessation of the Pensioner Education Supplement
- Cessation of the Education Entry Payment
- Closing the Energy Supplement to new Welfare Recipients
- Proportional Payment of Pensions Outside Australia
- Stopping the Payment of the Pension Supplement after Six Weeks Overseas

We also provide some overview commentary on the proposed amendments to indexation and waiting periods for some social security payments as proposed in this Bill.

## Recommendations:

**Recommendation 1:** Implement a suite of programs aimed at assisting those in receipt of Carer Payment with the additional costs associated with entering and participating in education.

**Recommendation 2:** Implement an "Education Pathway Payment" of \$150 in lieu of the Education Entry Payment.

**Recommendation 3:** Implement a "Sustainable Education Payment" at a rate of \$50 per fortnight, in lieu of the Pensioner Education Supplement.

**Recommendation 4:** Implement an "Online Education: Data Support Payment" at a rate of \$8.00 per fortnight (up to \$208 per annum), to support online and distance education.

**Recommendation 5:** Implement an "Education Graduation Payment" at a rate of \$150 as an outcome payment.

**Recommendation 6:** Retain the Energy Supplement for new and existing claimants.

**Recommendation 7:** Recipients of Carer Payment travelling with the person they provide care for, when travelling for medical treatment overseas, should be exempt from the reduced period of absence.

**Recommendation 8:** Revoke the proposed changes to Indexation and Waiting Periods of payments as articulated in the Bill.

## Increasing Educational Disadvantage for Carers

The Bill proposes to cease the Pensioner Education Supplement and the Education Entry Payment. The Explanatory Memorandum to the Bill makes the assumption that both payments are redundant as a result of the Job Active Employment Fund and various forms of tertiary education funding.

This assumption is simply incorrect; and will lead to an increase in education disadvantage for carers. Individuals accessing a Carer Payment, and other non-activity tested payments such as the Disability Support Pension, are not eligible to access the Employment Fund General Account as they are generally not receiving income support with a defined mutual obligation attached,<sup>1</sup> but many carers access education to maintain their skills and improve their future employment prospects.

The Job Active Employment Fund General Account Guidelines<sup>2</sup> stipulate that this fund is for individuals seeking employment through a Job Active Provider. The recipient must make a plan with the Job Active Provider, who is the ultimate arbiter of the decision.

It should also be noted that the funding is capped at between \$300 and \$1,200 depending on the Job Active Stream Classification.<sup>3</sup> Accessing this fund, compared with the Education Pension Supplement, would put the individual at a financial disadvantage of between \$422.40 and \$1,322.44 per annum.

Carers Australia is concerned about the future education and employment prospects for those on Carer Payment. Without access to such supports, education will be out of reach for most individuals on Carer Payment.

The Commonwealth should do all that is reasonable to ensure this cohort maintains or increases their employable skill set. This upfront investment will assist in mitigating longer term welfare dependence, and promote employment and economic participation.

### *Pensioner Education Supplement*

The Pensioner Education Supplement, is an allowance that aims to assist people receiving certain income support, including the Carer Payment and the Disability Support Pension, with the ongoing costs of full-time or part-time study.<sup>4</sup>

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<sup>1</sup> Australian Government, Department of Employment, *JobActive Eligibility and How to Access Help*, 4 December 2015 <<http://employment.gov.au/jobactive-eligibility-and-how-access-help>>

<sup>2</sup> Australian Government, Department of Employment, *The Employment Fund General Account Guidelines*, 12 September 2016 <<https://docs.employment.gov.au/documents/employment-fund-general-account-guideline>>

<sup>3</sup> Ibid,

<sup>4</sup> Ibid

Typically, a recipient of the Carer Payment or the Disability Support Pension who is an approved part-time student would be eligible to receive the Pensioner Education Supplement. They would receive \$62.40 per fortnight (or \$1,622.40 per annum) to assist with the added cost of participating in secondary, some vocational or tertiary education.<sup>5</sup>

In addition to providing coverage for such essentials as textbooks, transport and online connections, the Pensioner Education Supplement allows recipients to lease or purchase essential items, such as computers, printers and other equipment required for particular courses, which are out of scope in a number of alternative Government programs which offer educational support.

### *Education Entry Payment*

The Education Entry Payment is an allowance that assists with additional upfront expenses that an individual may face when entering the education space. The payment is a lump sum and only payable once annually.<sup>6</sup>

A recipient of the Carer Payment and the Pensioner Education Supplement, who has or will start an approved course and has not received an Education Entry Payment in the past 12 months, would also be eligible to receive this payment of \$208.<sup>7</sup>

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<sup>5</sup> Australian Government, Department of Human Services, *Pensioner Education Supplement*, 17 August 2016 <<https://www.humanservices.gov.au/customer/services/centrelink/pensioner-education-supplement>>

<sup>6</sup> Explanatory Memorandum, Social Services Legislation Amendment (Budget Repair) Bill 2016 (Cth)

<sup>7</sup> Australian Government, Department of Human Services, *Education Entry Payment*, 31 August 2016 <<https://www.humanservices.gov.au/customer/services/centrelink/education-entry-payment>>

# Recommendation: Supporting Better Education Outcomes for Carers

Carers Australia understands the need for periodically reviewing and streamlining programs and funding, especially in this time of economic uncertainty and fiscal constraint. However, we believe that any review should be rigorous, sustainable, and should not simply shift a problem into the future.

As mentioned above, those in receipt of the Carer Payment, Disability Support Pension and other non-activity tested payments are ineligible for supports under the Job Active Employment Fund. We contend that the solution is not to make Carer Payment and the Disability Support Pension activity tested, as this would place an unnecessary regulatory burden on individuals who already meet very stringent activity eligibility benchmarks.

Carers Australia would recommend creating a new support program called the “Better Education Outcomes for Carers Program” which would allow carers to access a modified version of the Pensioner Education Supplement.

All proposed payments should be indexed in accordance with the rate of indexation consistent with other allowances and supplements to the Carer Payment.

We propose that the suite include the following components:

- Modified Education Entry Payment “Education Pathway Payment”
- Modified Pensioner Education Supplement “Sustainable Education Payment”
- Online Education Data Support Payment “Online Education Support Payment”
- Education Outcome Payment “Education Graduation Payment”

This revised program would still result in a saving of between \$22.40 and \$380.00 per individual who engages in a course or program of study compared with the current system of Pensioner Education Supplements and the Education Entry Payment.

**Recommendation 1: Implement a suite of programs aimed at assisting those in receipt of Carer Payment with the additional costs associated with entering and participating in education.**

## **Education Pathway Payment**

The Education Pathway Payment would be based on the governance framework for the Education Entry Payment. This payment would assist with additional upfront expenses that an individual may face when commencing a course or program of study.

We propose the following governance framework:

- The payment be \$150 as a lump sum payment;
- Applicant must be approved for the Sustainable Education Payment;
- Payment shall only be granted once per course or program of study, and only once per calendar year.

**Recommendation 2: Implement an “Education Pathway Payment” at the rate of \$150.00, in lieu of the Education Entry Payment.**

## **Sustainable Education Payment**

This allowance will provide much needed funds that part-time students need to purchase essential study items such as textbooks, stationery, printing and other tools of the trade. This fund may also assist recipients with the additional transport costs that may be faced by carers engaging in secondary or tertiary education.

We propose the following governance framework:

- The payment be \$50 per fortnight (up to \$1,300 per annum) for the duration of the course or program of study.
- Courses must be commensurate with the National Skills Shortage Register, the Skills Shortage Register for the State or Territory in which they reside, or be a school or adult secondary education course(s).
- Hours of face to face training would be consistent with the 25-hour rule, but not include time spent travelling to or from the course.

**Recommendation 3: Implement a “Sustainable Education Payment” at a rate of \$50 per fortnight, in lieu of the Pensioner Education Supplement.**

## Online Education Data Support Payment

Carers may prefer to participate in online or distance education as the flexibility of the course delivery would better suit the complex demands of their caring role. However, this will increase the volume of data that a household would need to access through their telecommunications provider. The cost of additional data services may also be prohibitively expensive, and it becomes an added expense that households may not be able to afford.

We propose a small allowance be granted to assist with the additional cost placed on households by a recipient of Carer Payment undertaking online or distance education.

We propose the following governance framework:

- The payment be \$8.00 per fortnight (up to \$208 per annum) for the duration of the course or program of study.
- Applicant must be approved for the Sustainable Education Payment.
- Course or program of study must be online or distance education.

**Recommendation 4: Implement an “Online Education Data Support Payment” at a rate of \$8.00 per fortnight (up to \$208 per annum), to support online and distance education.**

## Education Graduation Payment

An Education Graduation Payment would be paid to those who have completed the course or program of study. This would operate consistent with an employment outcome payment, but would be received by the participant not an organisation.

This payment would act as both an incentive to continue and complete a course or program of study, but also go some way to funding unexpected graduation or completion expenses, such as hire or purchase of graduation gown, and attendance at a graduation function.

We propose the following governance framework:

- The payment be \$150 as a lump sum payment;
- Applicant must be approved for the Sustainable Education Payment;
- Payment shall only be granted once per course or program of study, and only once per calendar year.

**Recommendation 5: Implement an “Education Graduation Payment” at a rate of \$150 as an outcome payment.**

## Cessation of the Energy Supplement

Carers are often heavy users of electricity and gas. This can be associated with the operation of specialist equipment, requirements to keep the house at a constant temperature, and simply being at home most of the time. Carers who care for people with incontinence are also heavy users of washing machines and dryers.

Data from the 2009 Household, Income and Labour Dynamics in Australia (HILDA) Survey showed that 38.6 per cent of carers who were in receipt of an allowance payment reported having to ask family or friends for financial assistance because of a shortage of money. Just under a third had reported that they were unable to pay an electricity, gas or telephone bill on time. The impact on households where both the carer and another person are in receipt of income support is also stark, with 31.6 per cent needing to approach welfare or community agencies for help, over half seeking financial support from family and friends and 60 per cent being unable to pay an electricity bill on time. There is no reason to suppose that difficulty in covering energy costs has diminished. Indeed, energy prices have risen markedly in recent years.

We also note concerns raised by the Australian Council of Social Service in its 2016 Submission on this matter, that the removal of the supplement for new claimants will create inequities, and that new claimants who access CPI indexed payments would have been better off if the Supplement had not been introduced since the basic payments the supplement is attached to were adjusted to ensure recipients would not be compensated twice (via the Supplement and normal indexation to prices). The result of this adjustment is that the basic rate for these payments is now lower than it would have been had the normal indexation process occurred. In this context we note that a large number of carers who provide substantial amounts of care, but who do not meet the very rigorous eligibility requirements for Carer Payment, are in receipt of the Newstart Allowance.

Cessation of the Energy Supplement will decrease the health and wellbeing of carers and those they provide care for.

**Recommendation 6: Retain the Energy Supplement for new and existing claimants.**

## Pensions Outside Australia and when Overseas

The Bill proposes to reduce from 26 weeks to six weeks the period of absence from Australia after which a pension recipient's payment is paid on a proportional basis. Chapter 7 of the Guide for Social Security Law<sup>8</sup> indicates that this amendment would relate to all payments governed by International Social Security Agreements, including Carer Payment.

### *International Medical Treatment*

The Australian healthcare market is not always able to meet the demands placed upon it. This is particularly true for rare diseases or complex disabilities. This may mean individuals travel abroad for life saving or life altering medical treatment.

Carers travelling with the person they provide care for, when travelling for medical treatment overseas, should be exempt from this reduced period of absence from Australia. This should include, but not be limited to attending medical consultations, tests, pre-operative appointments, trials and studies.

Assumptions should not be made that if a person is able to seek medical treatment, they have the financial means to support themselves.

**Recommendation 7: Recipients of Carer Payment travelling with the person they provide care for, when travelling for medical treatment overseas, should be exempt from the reduced allowable period of absence.**

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<sup>8</sup> Australian Government, Department of Social Services, *Guide to Social Security Law – General Rules of Portability*, 4 January 2016, Guide to Social Policy Law, <<http://guides.dss.gov.au/guide-social-security-law/7/1/2/10>>

## General Comments

### *Indexation of Payments and Waiting Periods*

Carers Australia is concerned about the proposed freeze on indexation and the increased waiting periods for certain payments.

We further note the insulting and poorly researched comments both in the Explanatory Memoranda and the public commentary that young people have the ability to wait longer for their payment; that their family can support the young person, and that indexation is somewhat a privilege.

There seems to have been little or no consideration given to the demographics or family situations of people that these decisions impact. As former Prime Minister Menzies put it, when he was leader of the Opposition: *“People should be able to obtain these benefits as a matter of right, with no more loss of their own standards of self-respect...”*<sup>9</sup>

**Recommendation 8: Revoke the proposed changes to Indexation and Waiting Periods of payments as articulated in the Bill.**

### *Redirection of Savings*

Carers Australia would also note our extreme concern that this round of funding cuts was put down to the need to provide additional funds to the National Disability Insurance Scheme.

The NDIS is not a source of income support and was never intended to be. It provides a range of supports and services to people who meet the eligibility criteria. The NDIS does not put food on the table, pay household bills or the myriad other everyday expenses Australians must meet, including people with disability.

Carers Australia is of the opinion that the tactic of cutting essential funding to the larger cohort of disadvantaged Australians in the name of the long-term affordability of the NDIS is completely misdirected and threatens to undermine public support for the Scheme.

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<sup>9</sup> Commonwealth of Australia, *Parliamentary Debates*, House of Representatives, Wednesday 29 March 1944, 13:2263 (Rt Hon Robert Gordon Menzies KC MP)