



Carers Australia submission:

**Services Legislation Amendment
(Budget Repair) Bill 2016**

23 September 2016

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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CONTENTS

EXECUTIVE SUMMARY	4
Summary of Recommendations:	5
PAYMENT OF PENSIONS OUTSIDE AUSTRALIA.....	6
Impact on Carers – International Medical Treatment	6
PENSIONER EDUCATION SUPPLEMENT AND EDUCATION ENTRY PAYMENT	7
PENSIONER EDUCATION SUPPLEMENT	7
EDUCATION ENTRY PAYMENT.....	7
Impact on Carers – Skills Development	8
Job Active Employment Fund.....	8
Tertiary Education Funding Schemes	9

EXECUTIVE SUMMARY

Carers Australia welcomes the opportunity to provide comment on the Social Services Legislation Amendment (Budget Repair) Bill 2016 (Cth) (the Bill). Carers Australia's submission primarily focuses on the impact on carers of the following proposed amendments:

- Payment of pensions outside Australia.
- Cessation of the pensioner education supplement.
- Cessation of the education entry payment.

Carers Australia is opposed to the changes outlined in the Bill that would see a reduction in time that a recipient of the Carer Payment can travel overseas with the person they care for, insofar as that travel is related to seeking medical treatment overseas that is not readily available in Australia.

Carers Australia is also strongly opposed to the abolition of the pensioner education supplement and the education entry payment. This would put a recipient of the Carer Payment at a significant financial disadvantage when seeking to increase their skills and employability.

Carers are people who provide unpaid care to family and friends in need of assistance or support. Of Australia's 2.7 million carers, 770,000 are primary carers, those who provide the majority of care to someone with a disability, mental illness, chronic illness, terminal illness or who is frail aged. On average, primary carers have significantly worse employment outcomes than non-primary carers and non-carers, with 55 percent dependent on income support.¹

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

If all hours of informal care provided in 2015 are replaced with services purchased from formal care providers, the replacement value of informal care would be \$60.3 billion

-- Deloitte Access Economics

¹ Australian Bureau of Statistics, 2012 Survey of Disability, Ageing and Carers

Summary of Recommendations:

Recommendation 1: 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 2: Maintain the Pensioner Education Supplement.

Recommendation 3: Maintain the Education Entry Payment.

Recommendation 4: Expand the accessibility of VET-FEE-HELP to cover Certificate I-IV for those enrolled or enrolling in courses commensurate with the National Skills Shortage List.

PAYMENT OF PENSIONS OUTSIDE AUSTRALIA

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 basis². Chapter 7 of the Guide for Social Security Law³ indicates that this amendment would relate to all payments governed by International Social Security Agreements, including Carer Payment.

Impact on Carers – 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 the proposed reduced period of permissible absence from Australia after which the proportional penalty is applied to the carer payment. 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 1:

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.

² Explanatory Memorandum, Social Services Legislation Amendment (Budget Repair) Bill 2016 (Cth), 2

³ 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>>

PENSIONER EDUCATION SUPPLEMENT AND EDUCATION ENTRY PAYMENT

The Bill proposes to cease the Pensioner Education Supplement⁴ and the Education Entry Payment.⁵ The Explanatory Memorandum to the Bill suggests that both payments are redundant as a result of the Job Active Employment Fund and various forms of tertiary education funding.⁶

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.⁷

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, vocational and some tertiary education courses.⁸

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, an allowance that assists with additional upfront expenses an individual may face when entering the education space. The payment is a lump sum and only payable once annually.⁹

Additionally, 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 \$208.00.¹⁰

⁴ Explanatory Memorandum, Social Services Legislation Amendment (Budget Repair) Bill 2016 (Cth), 4

⁵ Ibid 9

⁶ Ibid 4

⁷ Ibid

⁸ Australian Government, Department of Human Services, *Pensioner Education Supplement*, 17 August 2016 <<https://www.humanservices.gov.au/customer/services/centrelink/pensioner-education-supplement>>

⁹ Explanatory Memorandum, Social Services Legislation Amendment (Budget Repair) Bill 2016 (Cth), 9

¹⁰ Australian Government, Department of Human Services, *Education Entry Payment*, 31 August 2016 <<https://www.humanservices.gov.au/customer/services/centrelink/education-entry-payment>>

Impact on Carers – Skills Development

A large number of working age recipients of such payments seek to improve their prospects of employment. This is especially true of carers; many of whom may have been caring full-time for family and friends for a number of years and have lost marketable skills or had limited opportunity to accrue these skills due to caring responsibilities. The opportunity to retrain while they are caring, or after they have ceased caring, is key to helping them avoid continuing dependence on social security.

The McClure Review acknowledges that carers indicated a desire to work; but that there are many barriers to carers entering (or re-entering) the workforce, including the intensive nature of the care role, the inability to find suitably flexible work to fit in with the care role, and lack of adequate replacement care.¹¹ It is for these reasons that activity testing of Carer Payment would be inappropriate.

Recommendation 2:

Maintain the Pensioner Education Supplement.

Job Active Employment Fund

The Employment Fund General Account Guidelines¹² note 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 \$300.00 and \$1,200.00 depending on the Job Active Stream Classification.¹³ Accessing this fund would put the individual at a financial disadvantage of \$422.40 - \$1,322.44 per annum.

This aside, 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,¹⁴ but many carers access education to maintain their skills and improve their future employment prospects.

¹¹ Australian Government, Department of Social Services, *A New System for Better Employment and Social Outcomes*, 2015, 90.

¹² 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>>

¹³ Ibid, 4

¹⁴ 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>>

Recommendation 3:

Maintain the Education Entry Payment.

Tertiary Education Funding Schemes

The Bill further suggests that HECS-HELP, FEE-HELP, and VET-FEE-HELP are appropriate tools to replace the Pensioner Education Supplement.¹⁵ However, these schemes are only able to fund Diploma level, Australian Qualification Framework (AQF) Level 5, and above.¹⁶

There would be merit in the Government expanding the accessibility of VET-FEE-HELP to allow individuals on non-activity tested payments to train or retrain in vocations that align with the National Skills Shortage List¹⁷. However, these courses often require enrolment in courses lower than AQF5, and without access to the Pensioner Education Supplement and Education Entry Payment accessing these courses would be very difficult for people relying on income support.

Recommendation 4:

Expand the accessibility of VET-FEE-HELP to cover Certificate I-IV for those enrolled or enrolling in courses commensurate with the National Skills Shortage List.

¹⁵ Explanatory Memorandum, Social Services Legislation Amendment (Budget Repair) Bill 2016 (Cth), 9

¹⁶ Australian Government, Department of Education and Training, *HELP and Other Information*, 22 July 2016 <<http://education.gov.au/help-and-other-information>>

¹⁷ Australian Government, Department of Education and Training, *Skill Shortage List – Australia* <<https://docs.employment.gov.au/documents/skill-shortage-list-australia>>