



Submission to the Review of  
Australia's Welfare System

**Interim Report**

***A New System for Better Employment and Social Outcomes***

**Carers Australia**

**August 2014**

Carers Australia acknowledges the input made to this submission by the state and territory Carers Associations.

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## Introduction:

Carers Australia welcomes the opportunity to respond to the Interim Report of the Reference Group on Welfare Reform, 'A New System for Better Employment and Social Outcomes'. We have not answered every question posed in the Report, but have confined our answers to areas where we have some expertise.

The Interim Report, states that;

*'The system should have adequate payments based on need that encourage people to prepare for and seek work where it is reasonable to do so. It should support people who are unable to work. It should feature fair returns from work, individualised requirements for participating in the workforce, and support services that build individual and family capability.'*<sup>1</sup>

Carers Australia supports the principles outlined in this statement, however we stress that the first principle of any welfare reform should be to ensure that levels of support are adequate to meet the basic costs of living, and don't condemn people to poverty. Any change to the structure of the system must therefore first address the inadequacy of the base rate of payments.

The current system is simply inequitable and unfair. The gap between pensions and allowances pushes some welfare recipients into poverty, and unfairly allocates payment categories by relative 'deservingness' rather than financial need. If the gap between the lowest welfare payments and wages continues to increase, then income inequality in Australia will become even bleaker. As noted by The Australia Institute in their recent report on income inequality, "tackling inequality is a political choice, not an economic problem"<sup>2</sup>. In this context we note that equity is not identified as one of the key pillars of reform. We believe that it should be.

Carers Australia also stresses that welfare reforms which aim to improve employment outcomes must be undertaken in the context of the broader structural factors that produce and contribute to the unemployment rate. For example, recent research shows that virtually all of the increase in Australia's unemployment rate since the start of 2008 can be explained by slower economic growth, which has had the biggest impact on young job seekers transitioning into the workforce<sup>3</sup>.

Efforts to improve the financial sustainability of the welfare system into the long term should also address other areas of Government expenditure. Australia is a low tax country compared to other OECD countries, and has typically ranked in the bottom third of countries since 1965.<sup>4</sup> For the 2010-11 financial year, Australia's tax-to-GDP ratio was 25.6 per cent- below the OECD average of 33.8 per

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<sup>1</sup> Interim report of the Reference Group on Welfare Reform to the Minister for Social Services 2014, 'A New System for Better Employment and Social Outcomes', p.6

<sup>2</sup> Richardson, D & Denniss, R 2014, 'Income and wealth inequality in Australia', The Australia Institute, Policy Brief No.64, p.2

<sup>3</sup> Borland, J 2014, 'Unemployment is hitting youth hard: this is what we should do', The Conversation, <http://theconversation.com/unemployment-is-hitting-youth-hard-this-is-what-we-should-do-27590>

<sup>4</sup> Australian Government Treasury 2013, 'Pocket Guide to the Australian Tax system', Part 1: Australia's tax system compared with the OECD <http://www.treasury.gov.au/Policy-Topics/Taxation/Pocket-Guide-to-the-Australian-Tax-System/Pocket-Guide-to-the-Australian-Tax-System/Part-1>

cent.<sup>5</sup> Furthermore, superannuation tax concessions will cost the Government around \$35 billion in 2013-14<sup>6</sup>. These concessions – also a form of welfare - overwhelmingly benefit high income earners, while low income earners receive virtually no benefit.<sup>7</sup>

Carers Australia also hopes that this review of the welfare system will be utilised as an important opportunity to shift the current negative rhetoric around welfare recipients. We reject the labelling of income support recipients as undeserving of assistance and as a burden on the rest of society- as has often been insinuated in the lead up to this Interim Report. The use of derogatory language such as this does nothing to assist welfare recipients to improve their lives.

Carers Australia is optimistic that the final report of the Reference Group can promote a new public conversation in which the provision of welfare support is seen as a positive indicator of Australia's capacity to support its most marginalised and disadvantaged members, not simply a financial liability.

### **Pillar One: Simpler and sustainable income support system**

#### **Q: What is the preferred architecture of the payment system?**

Carers Australia shares the view of many others in the social welfare sector that the foundations of the payment system should be as follows:

- The base rates for social security payments for singles and couples should be adequate to meet essential living costs, and maximum payment levels should be based on financial need rather than 'deservingness'.
- No group should be financially worse off as a result of reform, and those facing the greatest hardship should be better off.
- The safety net should be there for those who need it (including unemployed young people), and people with the same financial needs should receive the same level of income support.
- Approaches to boosting the labour force participation of income support beneficiaries should not be based upon assumptions about financial incentives, and implemented through the payment system – but rather should be achieved through investing in training, education and employment support.

#### **Q: How could supplements be simplified?**

While there are probably opportunities to merge some supplements directly into the major income support payments where they are associated with the general cost of living for all welfare recipients

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<sup>5</sup> Australian Government Treasury 2013, 'Pocket Guide to the Australian Tax system', Part 1: Australia's tax system compared with the OECD <http://www.treasury.gov.au/Policy-Topics/Taxation/Pocket-Guide-to-the-Australian-Tax-System/Pocket-Guide-to-the-Australian-Tax-System/Part-1>

<sup>6</sup> Ingles, D & Denniss, R 2014, 'Sustaining us all in retirement: The case for a universal age pension', The Australia Institute, Policy Brief No.60, p.1

<sup>7</sup>

(e.g. the Telephone or Utilities Allowance), we strongly oppose the abolition of the Carer Allowance or rolling it into the Carer Payment to achieve greater 'simplicity.' While there is often confusion about the difference between these two payments, the Carer Allowance and the Carer Payment serve different purposes and we believe must be retained separately.

While many recipients of the Carer Payment also receive the Carer Allowance, not all Carer Allowance recipients receive the Carer Payment. Nevertheless, the criteria to receive Carer Allowance (which is not means tested) are still particularly strict as both the carer and the care receiver must meet eligibility criteria, and have a questionnaire completed by a Testing Health Professional. The carer must provide daily care and attention to a person with a disability or medical condition or someone who is frail aged. The care receiver must have a condition listed as a recognised disability or achieve a qualifying rating as determined by the Disability Care Load Assessment (Child) Determination 2010 (or the Adult Disability Assessment Determination 1999 for those over 16 years) and be likely to suffer from the condition or disability for at least 12 months.

In March 2014, there were 586,538 recipients of the Carer Allowance, and only 239,729 recipients of the Carer Payment<sup>8</sup>. Merging these two payments would therefore see many (potentially 346,809 carers) carers financially worse off.

Carers Australia and the network of Carers Associations recently surveyed carers on their use of Carer Allowance. The response from carers across Australia highlighted that the provision of Carer Allowance is vital to meeting the costs associated with caring for many families. Depending on the condition of those they care for, carers report spending the Allowance on a variety of constant, continuing additional needs. These include transport costs (including keeping a car on the road or parking) to and from appointments; medical expenses, medications and other pharmacy products not covered by either the MBS or PBS; private health insurance; constant repairs to or replacement of clothing and household items destroyed by people with behavioural or sensory problems; large electricity costs associated with the operation of specialist equipment and requirements to keep the house at a constant temperature; funding for their own counselling and respite requirements; and expensive special dietary requirements.

While some carers may have access to both the Carer Payment and the Carer Allowance, the financial disadvantage faced by carers cannot be underestimated. 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 (such as Newstart Allowance) 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, and just over one in seven (14.5 per cent) reported that they had to sell or pawn an item because of a shortage of money. Of carers on other income support, 9.2 per cent had been forced to miss meals.

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.

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<sup>8</sup> [www.data.gov.au](http://www.data.gov.au)

Carers are highly concentrated at the bottom of the income distribution quintiles. In particular, 22.9 per cent of carers who receive an allowance and 32.3 per cent of carers on other payments who live in households where there is a person receiving an allowance are in the poorest 10 per cent of Australian households<sup>9</sup>.

### **Fair rate structure - Q: How should rates be set, taking into account circumstances such as age, capacity to work single/couple status, living arrangements and/or parental responsibilities?**

#### **There must be an adequate base rate**

Adequacy of income support and fairness are vital components of an effective welfare system. The first principle of any welfare reform should therefore be to ensure that levels of support are adequate to meet the basic costs of living, and don't condemn people to poverty. The Reference Group should consider the recommendations of other community sector organisations for an independent authority to monitor and set the base rate of payments- so that welfare rates aren't left to shifting political expedience.

Paying inadequate levels of income support in order to generate 'incentives for work' is inequitable and misguided, and the rationale that allowances should be lower because recipients will only be on these payments for a shorter period of time is a massive assumption and one which places enormous hardship on people who simply cannot find work, either because it is just not available or because of unavoidable complications in their individual circumstances. In 2012, the average duration of time on Newstart Allowance was 179.8 weeks – or 3.4 years<sup>10</sup>. Furthermore, with 27.8 per cent of Newstart Allowance recipients aged over 50 years<sup>11</sup>, the reduced chances of these jobseekers finding and maintaining work must be taken into consideration.

#### **Rate structures should support key life transitions**

Any changes to rate structures need to take account of key life transitions that currently result in a considerable drop in income for individuals and family households. For example, many carers transition from Carer Payment onto Newstart Allowance when the person they have been caring for passes away or is moved into residential care. For these carers, the transition between payments may involve dealing with bereavement, or a sense of guilt or loss in no longer being able to meet the care needs of a child or partner, at the same time as losing a major part of their household income.

For example, for a household with a carer in receipt of Carer Payment and the care recipient on DSP, the couple rate is currently \$288.70 each per week, or \$577.40 per week combined. If the care recipient was to pass away or move into residential care and the carer moved from Carer Payment to the single rate of Newstart Allowance, that carer's income would drop to \$255.25 per week. For

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<sup>9</sup> Household Income and Labour Dynamics in Australia Survey 2009

<sup>10</sup> Australian Government Department of Social Services 2012 'Income support customers: a statistical overview 2012', Statistical Paper No.11

<sup>11</sup> Australian Government Department of Social Services 2012 'Income support customers: a statistical overview 2012', Statistical Paper No.11

those who are also receiving the Carer Allowance, this would be a reduction of \$762.50 a fortnight in household income.<sup>12</sup>

For the 27.4 per cent of primary carers who are renters<sup>13</sup>, this drop in household income may also involve being forced to relocate to find cheaper accommodation. This is obviously a period of intense stress for the carer, coupled with the need to suddenly find employment- often after lengthy periods out of the workforce. If this transition was coupled with a compulsory waiting period to access Newstart Allowance (as proposed for those under 30 years in the 2014-15 Federal Budget), the negative impact on the financial security of carers would be even more severe.

### **Carer's experiences:**

*When I ended my caring role I was very depressed and I had to prove to Centrelink I was looking for work every 2 weeks. I was 58 and no one wanted me at that age. I gave up a good job to care for my parents and I was treated like dirt by Centrelink –they made it very hard for me.*

*It's very hard to find work when you've been a carer for a long time, and Centrelink doesn't understand how difficult it can be- on top of that..I did not have any reserve to feed off when I became a jobseeker, so it is very difficult to even buy appropriate work tools and clothes.*

### **Common approach to adjusting payments**

#### **Q: What might be the basis for a common approach to adjusting payments for changes in costs of living and community living standards?**

Carers Australia believes that indexation of all income support (including supplements) should be at least based on the greater of Male Total Average Weekly Earnings (MTAWE), the Consumer Price Index (CPI) or the Pensioner Beneficiary Living Cost Index (PBLCI), as is currently the case for the Age Pension, the Disability Support Pension and the Carer Payment – but which may be changed pending the passage of the Federal Budget legislation. However Carers Australia notes the limitations of the MTAWE as a benchmark as it excludes women's participation in the workforce and can be skewed by rates of part-time employment.<sup>14</sup>

The inadequacy of CPI as a tool for the indexation for income support was noted by the Harmer Pension Review which pointed out that the single Age Pension had risen by 20 per cent in real terms over the previous decade compared to less than 0.5 per cent for Newstart Allowance which is linked to CPI only<sup>15</sup>. The CPI is not a cost-of-living index but a price index designed to measure inflation in relation to a specific basket of goods and services. Welfare payments must be indexed so that they are accurately measured against a realistic cost of living.

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<sup>12</sup> Figures from [www.humanservices.gov.au](http://www.humanservices.gov.au), retrieved August 2014

<sup>13</sup> Australian Bureau of Statistics, Survey of Disability, Ageing and Carers 2012

<sup>14</sup> Harmer, J 2009, 'Pension Review Report', Department of Families, Housing, Community Services and Indigenous Affairs, p.67

<sup>15</sup> Harmer, J 2008, 'Pension Review Background Paper', Department of Families, Housing, Community Services and Indigenous Affairs, p.15

## Effective Rent Assistance

### Q: How could Rent Assistance be better targeted to meet the needs of people in public or private rental housing?

The Interim Report states that two of the ‘perverse outcomes’ of current public housing policy is that people consider public housing more attractive than private rental accommodation due to the income-based rent, and that there is a disincentive for tenants to improve their circumstances through work.<sup>16</sup> However, this ignores the fact that most public tenants require the affordability provided by social housing precisely because they are likely to be long term and often permanent tenants of social housing. According to the latest Australian Bureau of Statistics Survey of Disability, Ageing and Carers, 7 per cent of primary carers live in state or territory housing authority housing, compared to only 2.2 per cent of non-carers. This equates to just under 54,000 carers who would be affected by any adverse changes to the affordability of, and access to, public housing.

Providing tenants with Commonwealth Rent Assistance (CRA) at higher levels may produce a simpler system, but it won’t guarantee the affordability benchmark of income based rents. Furthermore, most people paying income based rents are unlikely to find housing in the private market.

With over 157,000 people receiving CRA paying in excess of 50 per cent of their income in rent<sup>17</sup>, Commonwealth Rent Assistance must be increased so that it is more reflective of current market rates. The supply of affordable public housing must also be addressed, with over 202,000 Australians on public housing waiting lists in 2012, some 34 per cent of whom were classified as being ‘in greatest need’<sup>18</sup>.

## Pillar Two: Strengthening individual and family capability

### Mutual obligation

#### Q: How should participation requirements be better matched to individual circumstances?

Efforts to improve workforce participation should be focused on addressing the barriers job seekers face to gain and maintain employment, not concentrated on participation requirements that are designed to act primarily as a disincentive to apply for welfare support.

While some carers are able to combine paid work with an unpaid caring role, many are forced to disengage from the workforce either because the intensity of the caring role is too great, or because they are unable to find and maintain jobs that provide them with adequate flexibility. With eligibility for Carer Payment dependent on a carer providing constant daily care to specific groups of children, or to adults who are in receipt of an income support payment, there are many carers who also

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<sup>16</sup> Interim report of the Reference Group on Welfare Reform to the Minister for Social Services 2014, ‘A New System for Better Employment and Social Outcomes’, p.70

<sup>17</sup> Welfare Rights Centre NSW and National Welfare Rights Network 2013, ‘A home on the range or a home out of range? How Commonwealth Rent Assistance fails low income Australians’, p.3

<sup>18</sup> Households classified as being in greatest need include those that are homeless or find themselves in circumstances that are adversely affecting their health or place their life or safety at risk. Australian Institute of Health and Welfare 2012, ‘Housing assistance in Australia’, pp.12-16



require income support but who don't qualify for Carer Payment. Many of these carers receive other payments such as Newstart Allowance, Youth Allowance or Parenting Payment Partnered.

Using data from Wave 9 of the Household, Income and Labour Dynamics in Australia (HILDA) Survey, it is estimated that in 2009 there were some 78,000 carers (aged 15-64 years) who were in receipt of an allowance (other than Carer Allowance), with approximately 18,000 of these on Newstart. These carers are forced to fulfil both their caring responsibilities and the mandatory participation requirements associated with Newstart Allowance.

The capacity to fulfil participation requirements should not just be based on physical and mental capacity to gain employment, but take into consideration other responsibilities such as caring. Unpaid caring should also be recognised as a contribution in and of itself.

If certain groups of carers in receipt of Newstart Allowance are forced to undertake an unreasonable number of job applications every month at the same time as completing up to 25 hours a week of participation activities such as Work for the Dole, the government would need to find - and fund - appropriate substitute care for their care recipient.

### **Q: How can carers be better supported to maintain labour market attachment and access employment?**

#### **Carers in employment:**

There are three key factors which enable carers to maintain labour market attachment and access employment;

1. Flexible workplace provisions which allow carers to balance paid work with their unpaid caring role.
2. Adequate replacement care (such as subsidised in-home or residential support by a formal care provider, day centres and after-school care for people with a disability) which allow carers to engage in employment whilst their care recipient is receiving appropriate care and support. This replacement care must be flexible enough to fit around work hours and affordable so that employment is a financially viable option for families.
3. Appropriate employment support and training which assists carers to enter or re-engage with the workforce after long periods spent in the caring role.

#### **Carers and the NDIS:**

The Interim Report states that *"For many carers, the NDIS will enable them to work part-time or participate in activities that may enhance their employment prospects when no longer caring"* (p.31). While this may be the case for some carers, it is an untested proposition and can only be evaluated with further roll-out and monitoring of the NDIS, which is currently in its infancy.

What also needs to be clearly understood is that NDIS packages will only cover a proportion of people with a severe or profound disability - 431,000 when fully rolled out<sup>19</sup>. The 2012 Australian Bureau of Statistics Survey of Disability, Ageing and Carers estimated that there were 730,000 people with a profound or severe core activity limitation under the age of 65. The survey identified

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<sup>19</sup> KPMG 2014, *Interim report: Review of the optimal approach to transition to the full NDIS*

that there were 140,000 informal carers of people with a severe or profound core activity limitation aged 0-64 years. It must also be reiterated that carers are not participants of the NDIS in their own right, and therefore have no guarantee that they will be able to access supports that may reduce the intensity of their caring role or facilitate employment.

There are also tens of thousands of carers for whom the introduction of the NDIS will have no impact on the nature and intensity of the support they provide, and thus on their chances to gain employment. These include carers of people with a disability who are ineligible for a funded package of support (such as carers of people with non-permanent or less severe disability or episodic mental illness); those caring for someone over the age of 65 years, and carers of people with a chronic health condition. Decisions regarding what support should be available to carers through the welfare system should therefore not be based on untested assumptions that the NDIS will reduce the need for informal care provision across the carer population.

### **Maintaining carers' attachment to the labour market – the '25 hour rule':**

To qualify for Carer Payment under the *Social Security Act* (1991) a person must be providing another person (or persons) with 'constant care' which is defined in the administrative guidelines as:

"Personally provides care on a daily basis for a 'significant period' during each day" providing "at least the equivalent of a normal working day in personal care."

"This includes circumstances where the carer or care receiver are absent from the care situation for part of the day, but the intensity of the care provided during the remainder of any 24 hour period is such that it roughly equates to a normal working day"<sup>20</sup>.

However, under the Department of Social Services guidelines is a policy rule in which the Carer Payment recipient has their qualification reviewed if they 'cease to care' for more than 25 hours a week.<sup>21</sup> This '25 hour rule' unnecessarily restricts the capacity of carers to prepare for when their caring role will cease by limiting their ability to undertake education and training while caring.

Eligibility for Carer Payment should focus on the actual level of care provided per week rather than the use of a cap on the number of hours of study or training that are undertaken in addition to caring responsibilities. With only 10.1 per cent of Carer Payment recipients reporting employment income<sup>22</sup>, the application of the *Social Security Act* rules should be reviewed to allow carers (both young and of working age) to engage in education and training whilst providing the equivalence of full-time care- if they have the capacity to do so. For example, when another member of the household returns from work each day or substitute care is available on weekends. This would allow some carers to maintain labour market attachment, increase their chances of transitioning to employment when their caring role ceases, and reduce their future reliance on income support.

When deciding on any future *compulsory* participation requirements for Carer Payments however, it must be remembered that juggling full-time care and other commitments can be a very difficult task,

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<sup>20</sup> Australian Government, 2011 'Guide to the *Social Security Act* 1999 1.1.C.310 Constant Care (CP)

<sup>21</sup> Australian Government, 2011 'Guide to the *Social Security Act* 1999 3.6.4.70 Changes to Carer Situation- Effect on CP

<sup>22</sup> Australian Government Department of Families, Housing, Community Services and Indigenous Affairs 2013, 'Helping the most vulnerable: 2012.13 Annual Report', p.74

and won't be practical in all circumstances. A mandatory participation focus for carers even if simply "a discussion about future plans"<sup>23</sup> as outlined in the Interim Report, would therefore need to carefully consider the time commitment involved in meeting regularly with Centrelink, and the capacity of carers to find replacement care whilst attending such meetings.

#### **Q: What is the best way of ensuring that people on income support meet their obligations?**

Efforts to improve workforce participation should be focused on addressing the barriers job seekers face to gain and maintain employment.

Participation requirements must be based on the individual's personal circumstances and the circumstances that surround them, and include relevant and realistic expectations. Not all jobseekers who enter the welfare system are job-ready, and many will have a complex range of barriers to overcome before they can even engage in activities that will move them closer to becoming job-ready.

Forcing jobseekers into participation activities that have little or no relevance to sustainable job outcomes that are in line with their abilities is pointless. Similarly, requiring a jobseeker to undertake certain job preparation courses if they don't have the required literacy and numeracy skills will be demoralising and further crush the confidence of jobseekers.

Any enforcement of participation requirements by Centrelink or Job Services Australia providers must be undertaken with full regard to the individual's circumstances and the impact that withdrawal of financial support would have on the individual and their family.

#### **Q: In what circumstances should income management be applied?**

The Interim Report mentions income management initiatives in the Northern Territory, Cape York and Western Australia, stating that evaluations of these initiatives had indicated a 'positive perception' in promoting 'socially responsible behaviour and improving the wellbeing of communities and children'<sup>24</sup>

However, research undertaken by the Department of Parliamentary Services which looked into these evaluations noted that there is an absence of adequate data related to the effectiveness or otherwise of income management.<sup>25</sup> Specifically, the report stated

*"There are very few studies available that have attempted to directly measure the impact of income management separately from other policy interventions. Such evaluations as have been attempted should be treated with caution due to a range of methodological problems such as the lack of comparison group or baseline data; the limited amount of quantitative data; the strong reliance on*

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<sup>23</sup> Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services 2014, 'A New System for Better Employment and Social Outcomes', p.84

<sup>24</sup> Interim report of the Reference Group on Welfare Reform to the Minister for Social Services 2014, 'A New System for Better Employment and Social Outcomes', p.117

<sup>25</sup> Buckmaster, L & Ey, C June 2012, 'Is income management working?', Department of Parliamentary Services, Background Note, p.24

*qualitative measures; questions over the independence of some evaluations; and problems with other design aspects of various reviews.”*

The report also stated that for the Northern Territory, Queensland and Western Australia; “in none of these locations is there unambiguous evidence for or against the effectiveness of income management. The overall picture is one in which positive changes have been uneven and fragile.”<sup>26</sup>

If income management for welfare recipients involves sequestering segments of income support entitlements to be paid directly by an agency for goods and services or substituting special purpose vouchers for cash, then this is not supported by Carers Australia for the following reasons:

- We are concerned by the presumption that income management applied to certain categories of recipients of income support is required. Where is the evidence that single mothers, for example, or any other broad category of welfare recipients are unable as a class to manage their own incomes?
- It runs directly counter to the overarching principle which underpins both the National Disability Insurance Scheme (NDIS) and aged care reform, both of which embrace consumer-directed care that people should have equal opportunities with others in society to manage their own lives, even if this involves an element of risk. We can see no reason why this principle should not also be applicable in the social welfare sector.
- Centrelink already provides programs for financial advice; providing information is vastly different to compulsory management.
- As cited above, there is a stark lack of evidence for the benefits of income management. As such it represents an additional administrative expense. The only circumstance in which we would support income management is where the recipient requests it.

## Early intervention

### **Q: How can programmes similar to the New Zealand investment model be adapted and implemented in Australia?**

Carers Australia supports the principles behind the early intervention and investment approach of the NZ model, but we also have some concerns.

- Access to employment support should not be dependent on being in receipt of a certain payment or age category. Nor should it be determined by the calculated risk associated with any individual’s chance of being on welfare support for the long-term.
- Investment of employment support for young job seekers should not come at the expense of other jobseekers receiving less intensive support if they are not considered to be an ‘investment’ of resources. If early intervention involves a significant shift in resources away from the long-term unemployed, then this is exactly a ‘set and forget’ measure and it’s inequitable.
- In 2012, some 24.3 per cent of Carer Payment recipients had been in receipt of the payment for between 5 to 10 years, and 56.5 per cent of recipients were over 50 years of age<sup>27</sup>. Those who

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<sup>26</sup> Ibid.

have been out of the workforce for some time, and whose prospects of finding work at an older age might be less than some other groups, shouldn't be any less entitled to adequate and appropriate employment support services.

- There is an important distinction between 'permanent disability' and 'permanent incapacity'. Those with permanent disability on the DSP should also receive adequate employment support.
- In 2014, the New Zealand Government announced that in the past year 15,000 people had been moved off welfare and into work<sup>28</sup>. However, it is disputed whether all of these 15,000 people have in fact transitioned into employment or were merely cut off from their benefits.
- Furthermore, for a large number of those who did in fact transition into work, there are indications that income from their new jobs is not always sufficient to meet their living expenses. The Mangere Budget Service (a family budgeting and support agency in South Auckland) reported in June 2014 that requests for food assistance had increased by 69% over the same 12 month period that the 15,000 people had been moved off welfare. This is a worrying indication that the numbers of the working poor<sup>29</sup> in New Zealand are increasing, an outcome that Australian welfare reform should avoid at all costs.

## Education and Training

### Q: What can be done to improve access to literacy, numeracy and job relevant training for young people at risk of unemployment?

#### Education and Training for all jobseekers

Carers Australia wishes to highlight the importance of access to education and training for *all* jobseekers, not just those who are young. The discussion of this section (and indeed much of the focus of the Interim Report) is narrowly focused on education and training for young jobseekers. Carers Australia cautions against any approach which would see older jobseekers left with little or no employment support, or access to education and training which may improve their employment prospects.

#### Improving education outcomes for young carers

Data from the latest Survey of Disability, Ageing and Carers shows that young people between 15 and 24 years who have a caring role are almost twice as likely to be unemployed than their peers.<sup>30</sup> The caring role can also have an adverse impact on educational attainment, with 36.1 per cent of primary carers only reaching year 10 or below.<sup>31</sup>

Measures aimed at improving jobseekers' access to education and training must therefore address the barriers faced by young carers. As mentioned previously on page 9, changing the eligibility

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<sup>27</sup> Australian Government Department of Social Services 2012 'Income support customers: a statistical overview 2012', Statistical Paper No.11

<sup>28</sup> <http://www.abc.net.au/lateline/content/2014/s4036415.htm?site=perth>

<sup>29</sup> <http://www.abc.net.au/lateline/content/2014/s4036415.htm?site=perth>

<sup>30</sup> Australian Bureau of Statistics, 2014 'Caring in the community', 2012 Survey of Disability, Ageing and Carers

<sup>31</sup> Australian Bureau of Statistics 2012 Survey of Disability, Ageing and Carers

requirements for the Carer Payment (e.g. the application of the '25 hour rule') would also have a positive outcome on the ability of young carers to engage in education and training whilst caring.

There are over 10,000 recipients of Carer Payment who are under the age of 24<sup>32</sup>. These young carers fulfil an important role in their families, and their access to the Carer Payment is often vital to the financial sustainability of the household. However, Carers Australia and the network of Carers Associations receive considerable feedback from young carers who are unable to stay in school or to complete higher education because of the application of the 25 hour rule. An example of this is provided below.

**Case Study:** *Steven (17) was referred to the Carers NSW Young Carer Program by his school counsellor. Steven had dropped out of high school as his mother had depression and his father had recently been diagnosed with terminal lung cancer. Steven's father had been receiving the carer payment as the primary carer for his mother. However, due to his father's diagnosis, Steven became his mum's primary carer and began receiving the Carer Payment. However, in order to be eligible to receive the payment, Steven needed to leave high school.*

The ability of young carers to remain engaged in primary, secondary and tertiary education or training is also often dependent on the extent to which educational institutions are aware of young carers and supportive of their needs in balancing study and the caring role. Young carers often report a lack of understanding from both peers and professionals about their caring role, being penalised for absences or a failure to meet course requirements which can further marginalise them and increase their chances of becoming disengaged. Educational institutions which formally recognise carers through their policies can help to reduce discrimination against students who have caring responsibilities (similar to policies for students with a disability) and can help ensure that carers receive adequate flexibility and support from staff.

The Network of Carers Associations also provide a range of supports such as homework clubs and tutoring programs that are specifically designed to assist young carers remain engaged in education. However these programs are limited in the extent to which they can reach out to the approximately 305,000 young carers aged under 25 years across Australia<sup>33</sup>.

#### **Q: How can a focus on 'earn or learn' for young Australians be enhanced?**

##### **Reasonable expectations and adequate support**

Carers Australia does not support any policy focused on 'earn or learn' that would see jobseekers lose their access to income support through compulsory waiting periods. Removing income support is not an appropriate incentive to get young people (or indeed any jobseeker) into employment. For those with no support network to fall back on, it will simply further entrench them in poverty. Individuals whose basic needs are not being met will not be in a position to become work-ready.

Carers Australia supports a focus on 'earn or learn' that *encourages* and *supports* jobseekers to engage in education, training and work experience that would lead to sustainable employment

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<sup>32</sup> as at March 2014, [www.data.gov.au](http://www.data.gov.au)

<sup>33</sup> Australian Bureau of Statistics 2012 Survey of Disability, Ageing and Carers

outcomes. But any compulsory measures must take into account a job seekers' personal circumstances and the barriers they may face to engage in employment or education.

### **Work for the Dole: where's the evidence?**

One of the few detailed empirical studies of the Australian 'Work for the Dole' (WfD) program which was piloted in 1997-98 found that "there appear to be quite large significant adverse effects of participation in WfD"<sup>34</sup>. In analysing the outcomes, the authors state that potential explanations for the negative effects of WfD include that it reduces participant's job search activities, and may have a stigma effect on potential employers.<sup>35</sup>

Carers Australia cautions against any compulsory Work for the Dole program which would result in adverse outcomes for job seekers. Compulsory activities that merely reduce the time available to apply for jobs while providing no relevant job experience will not result in improved outcomes for jobseekers. Furthermore, where Work for the Dole participants are placed in sectors such as aged care, there are potential adverse effects on residents receiving services from employees who are not engaged in a voluntary capacity.

Carers Australia also wishes to highlight that for jobseekers with caring responsibilities who are forced to participate in Work for the Dole activities, substitute care would need to be provided.

### **Improving individual and family functioning**

#### **Q: How can services enhance family functioning to improve employment outcomes?**

- There are a range of carer supports which are offered by the Network of Carers Associations that enhance family functioning by improving the capacity of carers to undertake the caring role. These include;
  - Counselling and carer support groups.
  - Information and referral services for supports for the care recipient.
  - Education and training on a range of caring tasks such as first aid, understanding dementia, dealing with difficult behaviours, understanding grief, caring for someone with a mental illness, estate planning, and suicide awareness.
- The provision of respite support is also crucial to enhancing family functioning and to the capacity of many unpaid carers to engage in employment.
- Supports designed specifically for young carers are also essential to enhancing family functioning and can help to prevent long-term disadvantage.

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<sup>34</sup> Borland, J & Tseng, YP 2011, 'Does 'Work for the Dole' work: An Australian perspective on work experience programs', *Applied Economics*, Vol.43, p.4364

<sup>35</sup> Borland, J & Tseng, YP 2004, 'Does 'Work for the Dole' Work?', *Melbourne Institute Working Paper*, No.14/04, p.28

## Pillar Three: Engaging with employers

### Improving pathways to employment

**Q: How can transition pathways for disadvantaged job seekers, including young people, be enhanced?**

#### **Better capturing caring responsibilities in the Job Seeker Classification Instrument (JSCI)**

The Job Seeker Classification Instrument (JSCI) is used to measure a job seeker's relative difficulty in gaining and maintaining employment and plays a fundamental role in the operation of Australian Government employment services. The outcome of the JSCI determines which 'stream' of support a jobseeker will receive from employment providers, and even more importantly, may in the future determine whether a jobseeker has access to any income support (subject to Federal Budget measures being passed by Parliament).

While the JSCI measures a range of factors that will impact on the ability of a jobseeker to gain employment, Carers Australia has concerns that it may not adequately capture the effect of caring responsibilities other than parents caring for children. Under the JSCI Factor 'Living Circumstances', points are allocated for partnered and lone parents with children up to 15 years, with children under 6 years receiving a higher weighting than those aged 6-15 years. However, there are no sub-factors which take into consideration other types of caring roles such as caring for a child, spouse or parent who has a disability, mental illness, chronic condition or someone who is frail aged. The effect of this type of caring role on a jobseeker's ability to enter and remain in the labour force can be considerable.

**Q: How can vocational education and training into real jobs be better targeted?**

One of the key barriers that carers identify when looking to enter or re-engage with the workforce after a long period of caring is a lack of relevant skills and experience. However, many carers actually build a variety of skills whilst undertaking the caring role such as advocacy, administering medication, and negotiating with healthcare providers. Employment programs which are able to help carers identify and draw out these skills and to match them to employment options, will assist in building carers' confidence and capacity to engage in job seeking activities. Employment providers should also use a strength-based approach and help to facilitate the recognition of prior learning for carers when linking them to education and training options.