



Carers Australia Submission:

**Social Services Legislation Amendment
(Encouraging Self-sufficiency for Newly
Arrived Migrants) Bill 2018**

April 2018

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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INTRODUCTION

Carers Australia welcomes the opportunity to provide a submission to the Senate Community Affairs Committee Inquiry on the Social Services Legislation Amendment (Encouraging Self-sufficiency for Newly Arrived Migrants) Bill 2018.

The measure to lengthen the waiting for newly arrived residents to receive income support payments, including Carer Payment and to extend the waiting period to Carers Allowance, Family Assistance and other payments is extremely concerning to Carers Australia. Carers Australia opposes waiting periods for carers that are set on the basis of length of Australian residency.

There does not appear to be a rationale for the measure, other than to increase self-sufficiency, but without explanation as to why people who have been resident for less than three years are expected to be more self-sufficient than other Australian residents and citizens who may need support. It does not recognise that a newly arrived migrant, in unexpectedly becoming a carer, can face greater adversity and financial difficulties to recover and do well, than those who have been longer term residents or born in Australia.

There is also no explanation for applying the waiting period to Australian born children of permanent residents, as will occur in many cases when the waiting period is extended to Carer Allowance and Family Tax Benefit (FTB). Further, the Carer Allowance is a small payment to help carers with the additional costs of caring and the money is often used to support those with care needs, and to help their loved ones stay in their own homes when they are aged, dying, chronically ill, or have a disability. Delaying access to this payment could have real health consequences in households where a person's care includes the need, for example, to operate special equipment or keep their homes at constant temperatures.

Scenario

A couple living and working in Australia as permanent residents have three children, born in Australia, one with disability, and are serving the NARWP. They have a combined family income of \$87,000 per year.

A family on similar income, not serving a NARWP, would receive over \$175 per fortnight in FTB, plus \$127 per fortnight Carer Allowance, as well as a Carer Supplement and annual Child Disability Assistance Payment to help with the costs of raising their children.

These additional payments make a significant difference to a family's capacity to provide for their children and ensuring their needs are met.

EXTENDED LENGTH OF WAITING PERIOD

Under this measure, a carer¹ will not meet the residency requirements to receive Carer Payment for three years, extending the already harsh two year waiting period, even in cases where the person with care needs is a long term permanent resident or Australian citizen. This could include payments for their own children, born in Australia after their arrival, with disability or medical needs.

Carers Australia has real concerns about the harm caused by the existing provisions, and the likely harm of their extension, on affected new residents who become carers because of a family member's sudden illness, accident or diagnosis when, rather than receiving a Disability Support Pension or Carer Payment, they may only be able to receive Special Benefit. This would be paid at the lower rate of Newstart Allowance, and only if they can demonstrate a substantial change in circumstances beyond their control, after both arrival in Australia and gaining a permanent residency visa.

Scenario

A person who has lived and been employed in Australia for some years, perhaps initially on a temporary work visa and, more recently as a permanent resident, has a debilitating accident or illness and can no longer work. Their partner, having arrived in Australia and granted permanent residency more recently, has been working part time and now has had to significantly reduce their working hours to provide care.

Under the extended waiting period, they would each receive Special Benefit only and any graduated return to work for either member of the couple would result in a dollar for dollar loss of payment.

There does not seem to be any research undertaken, or evidence, relating to the effect of the existing NARWP on individuals, including their circumstances or the short and long term impacts. This research should be undertaken and made available, to better base future policy, before an extension of the measure is considered.

Carers Australia is concerned that extending the duration of the waiting period for income support payments, including Carer Payment, will extend the duration of hardship and disincentives to enter paid employment that is caused by the waiting period. This is because where a carer receives Special Benefit, the income test is applied at \$1 for every \$1, unlike Newstart Allowance, where a person can earn up to \$104 per fortnight without losing any of their payment and then 50 cents in the \$1 up to \$250 and 60 cents for every \$1 over \$250 until the payment cuts out. As well as making it more difficult for Special Benefit recipients to increase their incomes, the disincentives to take on part time/casual entry level employment can have a long term impact on future employability.

¹ References to carers¹ in this submission are to those migrants who have become carers since obtaining Australian residency and not carers who enter Australia on a carer visa, so are required to be fully supported by a sponsor for at least 2 years after their arrival.

Examples of the financial effect are:

- a single person with no dependent children receiving Special Benefit earning \$150 a week would have their payment reduced to less than \$250 per fortnight, while having to cover additional costs of employment (such as transport, clothing), while the same person receiving Newstart Allowance would receive around \$450 a fortnight – more than the person on Special Benefit would receive from their combined income support payment and wages
- a single person with no dependent children receiving Special Benefit would lose all entitlement to the payment, Rent Assistance and any other supplements and concessions once their income exceeds \$538.80 a fortnight, leaving them significantly worse off financially than not working at all – Newstart Allowance recipients continue to receive Government assistance until income exceeds \$1053 each fortnight

WAITING PERIOD FOR ASSISTANCE PAYMENTS

Until now, parent carers of children, including those with disability, have been able to claim family assistance payments in addition to Special Benefit. Under the proposed amendments, even large families could find themselves with incomes of \$590.40 per fortnight for a sole parent or \$492.80 per fortnight each in a two parent family. Where, under the current legislation, a family had had a claim for Special Benefit refused, the family was at least able to claim meagre family assistance and carer allowances. Under this Bill, the family would have absolutely no income at all.

In addition, under this Bill, for the first time, many working people who are working in full time, paid employment and not claiming income support payments such as Newstart Allowance or Special Benefit, will be denied payments to help with the costs of children or others in their care, including children or adults with disability. This is anomalous as, with the Family Tax Benefit, the measure would, for the first time, treat one class of taxpayer differently from another, based on the duration of residence. Carers will also not qualify for a range of other supports available to Carer Payment and Carer Allowance recipients, for example, the Carer Supplement and Energy Supplement.

It also seems that the Bill has not made any provision for exemptions to make these payments in cases of a change of circumstances beyond the person's control. This is because subsection 739A(7) only applies the exemption to Special Benefit. While it seems that people may also be able to claim FTB in some circumstances, there does not appear to be any exemption for Carer Allowance. This would mean that, even where a person gains an exemption to Special Benefit, they would not get Carer Allowance in respect of any children or adults with care needs.

Scenario

A couple living and working in Australia for several years as temporary residents have applied for and been granted permanent residence. They plan for their first child after residency is granted, with the intention that one parent will remain in full time employment and the other will return to work part time 6 months after the birth of the child.

However, their baby is born with a severe disability and requires full time care by one of the parents, who will not be able to return to paid employment.

Due to the application of the NARWP, the family will not receive Paid Parental Leave, FTB or Carer Allowance in respect of the child.

RECOMMENDATION

This measure is estimated to save \$1.3 billion at the expense of carers, families and other vulnerable members of the community. The Government should not rely on carers and other disadvantaged groups in its strategy to improve the Budget position.

Enacting this measure will make it much more difficult for new residents to settle into Australian society and to start making a financial and social contribution, and is likely to have long term effects on their children and others in their care. There is also likely to be greater and more regular/ongoing reliance by affected new residents on emergency relief from charities to meet ordinary costs of living (such as rent, food, electricity).

Carers Australia recommends that:

- newly arrived migrants who become carers, and those they care for, should not be subject to a waiting period based on their length of permanent residency
- to inform future policy in this area, research should be undertaken to measure, and provide evidence of, any detrimental effects of applying the NAWP to income support and other payments received by carers and people with care needs.