

Carers Australia 2024-25 Pre-Budget Submission to the Treasury

Carers Australia has consistently highlighted the significant economic impact of providing unpaid care to a person with a disability, chronic health condition, mental illness, terminal illness, who is frail aged or who struggles with drug and alcohol addiction.

Carers in Australia experience poor employment outcomes, with a 52.2% employment-to-population ratio for primary carers compared with 75.9% for people without caring responsibilities. The education and employment prospects for Australia's over 200,000 young carers are also poor where more than 60% of young carers over the age of 18 have not studied beyond high school, many of whom will continue to rely on income support if their caring role continues into adulthood. ([Australian Bureau of Statistics, 2018](#))

In the longer term caring also impacts on superannuation and retirement savings. A report commissioned by Carers Australia entitled "Caring Costs Us" revealed that on average, a person who becomes a primary carer will lose \$392,500 in lifetime earnings at age 67 and \$175,000 in superannuation at age 67. The report also highlights that income support through Carer Payment is less than 30% of the average weekly earnings ([Evaluate, 2022](#)).

This submission focuses on some of the measures we recommend the government consider and adopt in the next Federal Budget to better address the financial well-being of carers.

ADD SUPERANNUATION TO THE CARER PAYMENT

Provide carers with support to achieve greater economic well-being and sustainability by limiting the financial impact of caring on retirement income.

All Australian carers deserve tangible recognition for the unpaid care they provide, which in 2020 was valued to be \$77.9 billion per annum for paid replacement care (1% of Australia's GDP) ([Deloitte Access Economics, 2020](#)). The critical and significant work that unpaid carers provide across the country is vital to supporting Australia's strained health system, aged care system, disability support and mental health support and is often undertaken at great cost to a carer's own general and financial well-being.

Department of Social Services statistics for September 2023 identified that 304,480 people were dependent on receiving the Carer Payment for income support and 636,515 the Carer Allowance to assist with the additional costs associated with caring. The average length of time they were on the Carer Payment was 11.5 years, with 22% relying upon it for between 5 to 10 years and 49% for 10 or more years.

Microsimulation data analysis in the "Caring Cost Us" report referred to above revealed that, on average, the superannuation balance at age 67 of a person who becomes a primary carer is reduced by \$17,700 for every year they are a primary carer. Similarly, their lifetime earnings are reduced by \$39,600 for every year they are a primary carer. This amounts to an average loss of \$175,000 in superannuation and \$392,500 in lifetime earnings, to age 67.

In addition to contributing to carers' own financial security in retirement, applying the superannuation guarantee to the Carer Payment also can reduce the demand for future government expenditure on the Age Pension.

REVIEW ELIGIBILITY CRITERIA FOR CARER INCOME SUPPORT

Review of the Adult Disability Assessment Tool (ADAT) which is used for the purposes of establishing eligibility for the Carer Payment and Carer Allowance.

The ADAT contains two questionnaires that together measure the amount of help the care receiver needs to undertake basic activities of daily living such as mobility, communication, hygiene, eating, transport, and management in a range of cognitive and behavioural areas. The carer is required to complete one questionnaire and the other must be completed by a Treating Health Professional.

A Department of Social Services Review of the Carer Payment and Carer Allowance commenced in 2015 focussed on areas in which the ADAT fell short of capturing the care required for nonphysical disabilities such as psychosocial disability. It also fell short of reflecting episodic conditions which require care and vigilance in between episodes of substantial decline in the condition of the person being cared for. Nor do the tables and the ratings fully capture the impact of multiple comorbidities on the care load or the role of carers in navigating and engaging with services on behalf of the person they care for.

After input from medical professionals and organisations representing carers and those they care for an extensive pilot was undertaken. However, the review came to a sudden halt in 2017 without explanation, and the existing ADAT was reintroduced without change when the legislative instrument reached a sunset period in 2018.

The Disability Support Pension (DSP) Impairment Tables were reviewed in 2022-23. Among other things, the revised Impairment Tables included additional guidance around episodic or fluctuating conditions.

It is past time to reconstitute a review of the ADAT.

Replace the '25-hour rule' for those receiving the Carer Payment who wish to work, study or volunteer.

Long periods out of the workforce are a significant barrier to re-entry when a caring role diminishes or ends. In these circumstances, it is likely to be crucial for working-age carers in receipt of the Carer Payment to retain some connection to employment. However, what is known as 'the 25-hour' rule limits Carer Payment recipients to a maximum of 25 hours per week (including travel time) of work, study, or volunteering in each week.

In addition to helping them retain a connection to the workforce, employment, education, and volunteering can provide an opportunity to maintain and build social networks outside of their caring roles and can provide some respite from caring. These benefits strengthen their resilience in the caring role.

While it is accepted that a process must be in place to determine whether carers are fulfilling the continuous care requirement for Carer Payment eligibility, the rigidity of the '25-hour rule' must be reviewed to maximise work opportunities and mitigate this barrier.

Carers Australia has long advocated that this rule is too rigid. Indeed, the final report of the Productivity Commission Inquiry into Mental Health recommended increased flexibility in relation to employment and the Carer Payment by 'replacing the 25-hour per week restriction on work, study and volunteering with a 100-hour per month restriction on work only' ([Productivity Commissions, 2020](#))

CARER BUDGET STATEMENT

Demonstrate the Government's commitment to recognising Australia's 2.65 million unpaid carers by delivering a Carer Budget Statement that outlines targeted investments to recognise and support carers.

There is no single portfolio responsible for all carer supports. Key areas for the provision of carer support include the Department of Social Services, Services Australia, the Department of Health and Age Care, Veterans Affairs, the Department of Education, and the Department of Employment and Workplace Relations.

The production of an annual cross-portfolio Budget Statement is needed which identifies new budget measures that impact on carers; especially considering the development of a new National Carer Strategy embodying ongoing and regularly updated Action Plans.

About Carers Australia

Carers Australia is the national peak body representing the diversity of the 2.65 million Australians who provide unpaid care and support to family members and friends with a disability, chronic condition, mental illness or disorder, alcohol or other drug-related condition, terminal illness, or who are frail aged.

In collaboration with our members, the peak carer organisations in each state and territory, we collectively form the National Carer Network and are an established infrastructure that represents the views of carers at the national level.

Our vision is an Australia that values and supports all carers, where all carers should have the same rights, choices and opportunities as other Australians to enjoy optimum health, social and economic well-being and participate in family, social and community life, employment and education. This includes carers:

- Who have their own care needs
- Who are in multiple care relationships
- Who have employment and/or education commitments
- Aged under 25 years (young carers)
- Aged over 65 years, including 'grandparent carers'
- From culturally and linguistically diverse backgrounds
- Who identify as Aboriginal and Torres Strait Islander
- Who identify as lesbian, gay, bisexual, transgender, intersex (LGBTIQ+)
- Who are living in rural and remote Australia; and
- Who are no longer in a caring role (former carers).

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