THE SENATE

FAMILY ASSISTANCE, SOCIAL SECURITY AND VETERANS’ AFFAIRS LEGISLATION AMENDMENT (2005 BUDGET AND OTHER MEASURES) BILL 2006

Second Reading

SPEECH

Wednesday, 29 March 2006

BY AUTHORITY OF THE SENATE
Senator POLLEY (Tasmania) (7.07 pm)—I rise to speak on the Family Assistance, Social Security and Veterans‘ Affairs Legislation Amendment (2005 Budget and Other Measures) Bill 2006. This bill gives effect to a number of measures announced in the 2005 and 2006 budgets, as well as a number of other measures relating to family assistance, carer allowance and income streams. From 1 July this year the lower income thresholds for family tax benefit part A will be increased from the current $33,361 to $37,500. According to the explanatory memorandum accompanying this bill, the new amount will be indexed in accordance with the movement in the consumer price index on 1 July each year. The financial impact of this measure will see around 400,000 families receive an increase of, on average, $24 and, perhaps more importantly, an extra 40,000 families will become newly eligible for a health care card.

Other measures contained in this bill include indexing income estimates made by claimants for family tax benefit part A and family tax benefit part B and for child-care benefit. This amendment aims to reduce the likelihood of payments being made to claimants based on inaccurate estimates. The bill modifies the definition of ‘returns to paid work‘ as described in the Family Assistance Act for the family tax benefit part B. The bill provides for the recovery of child-care benefit debts from the claimant’s tax refunds as currently is provided for in the recovery of family tax benefit debts from tax refunds. The amendment proposes to tap into tax refunds to clear child-care benefit debts caused by an underestimate of income.

The bill also provides for the movement of unallocated child-care places from area to area. The proposed change would provide flexibility to respond to changes in demand and use by allowing approvals for unused places to be transferred to other providers with excess demand. The bill also aims to allow for the extension of fixed term income streams and other minor changes to the treatment of income streams in line with similar tax treatment changes for income streams.

The provisions for carer allowance will be standardised under this bill from 1 July this year to allow for a maximum backdating period of 12 weeks prior to the claim lodgement date by carers of both children and adults. This bill would also clarify the circumstances in which payments may be extended beyond 13 weeks to a person temporarily overseas seeking medical treatment.

As a member of the committee assigned to review this bill, I would like to raise several aspects which were of concern to members of the committee. The majority of submissions received by the inquiry related to the proposed changes to carer allowance payments. At the moment the commencement date for payment of carer allowance for caring for a child can be backdated up to 52 weeks prior to the claim. Similarly, the commencement date for the start of payment of carer allowance for caring for an adult can be backdated up to 26 weeks prior to the claim.

The majority of submissions received by the committee as part of the inquiry into this bill raised concerns about the limiting of backdating to claims. Throughout the course of the inquiry, no arguments were put forward as to why carers should be denied the current rates of backdating in the future. Currently in Australia, 95,000 new people receive carer allowance payments each year. This equates to around 72,000 new adult recipients and 23,000 child recipients every year. The Department of Families, Community Services and Indigenous Affairs stated as part of the inquiry that 72 per cent of the 23,000 new recipients of carer allowance child and 36 per cent of the 72,000 new recipients of carer allowance adult receive backdated payments.

If this bill is passed, the maximum backdated payment for new carer allowance recipients would be 12 weeks, regardless of whether they are claiming for care of a child or adult. Annual savings for the government as a result of this measure are expected to be almost $35 million. Labor senators agree that this proposal to cut carer allowance backdating is wholly about savings for the government—savings that the government wants to make at the expense of 95,000 carers every year.

Carers Australia recently commissioned a report by Access Economics which found that in 2005, 2.6 million people—or one in eight Australians—were providing informal care to a family member or friend. Given the huge
impact and contribution carers make to the Australian economy every year, these cuts do seem to be extremely
unfair and un-Australian. The report also estimated that these carers provided around 1.2 billion hours of care
a year. If this time was replaced with services by formal care providers, the value would be almost $31 billion.
As part of this bill, the government wants to save itself $35 million a year for services rendered by carers in the
community with a value to the tune of $30.9 billion.

According to Carers Australia, carers can be anyone: parents, partners, brothers, sisters, grandparents, friends,
even children. Carers look after their loved ones 24 hours a day. To replace the level of care that they provide
would be an even greater toll on our economy than $30-odd billion dollars. There is also the problem of finding
professional carers to take on the huge amount of work that is done by people who have a rightful claim to carer
allowance.

I note that the chair of the Community Affairs Legislation Committee, Senator Humphries, has made a
recommendation that the legislation be amended to allow a discretion for the backdating of carer allowance for a
period of 12 weeks where it would have been unreasonable in all the circumstances for a claimant to have made
an earlier claim for the carer allowance and a failure to backdate would occasion significant financial hardship.
Also of note is the evidence the committee heard from groups that many people are unaware of their ability to
claim carer allowance, explaining why many may not claim immediately when beginning to care for a loved one.
The department admitted that the government does not make an attempt to identify people who may be eligible
for carer payments and let them know of their eligibility.

Senator Humphries has also taken this into account in the committee report and recommendation 1 advises
that an effort should be made to promote the availability of carers allowance. However, so far the government
is yet to commit to implementing such a campaign.

A point raised by Carers Tasmania on their website that should be noted is that caring is a difficult and time-
consuming task. It would no doubt be a common occurrence that many carers are left so tired and energy sapped
that searching for help and assistance would be the last thing on their minds. Caring is a demanding and time-
consuming task. It is not like a normal nine to five job; it often involves 24-hour care. In the midst of all of that
hard work, can we really expect carers to take the time out within that first 12-week period to lodge a claim?

Labor will be proposing amendments to this bill to ensure that these cuts do not adversely affect the thousands
of carers throughout the country who are currently entitled to carers allowance but who have not yet claimed, and
those who may be entitled to claim in the future. With Australia’s inevitably ageing population, it is of the utmost
importance that we support these people who are prepared to care for their loved ones, should the need arise.

The government should be doing everything in its power to support these people, but instead it sees fit to take
away what small benefits they are entitled to. This is such a familiar tune played by this government. This is
another example of an arrogant and out of touch government that has no real understanding of the enormous
contribution that carers make to our community.