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 McLUCAS (Queensland) (7.36 pm)—In tonight’s contribution, I will confine my comments to schedule 6 of the Family Assistance, Social Security and Veterans’ Affairs Legislation Amendment (2005 Budget and Other Measures) Bill 2006, which seeks to restrict the period of backdated claims for the carer allowance. From 1 July 2006, the backdating provisions for carer allowance will be restricted to allow for a maximum backdating period of 12 weeks prior to the claim lodgment date. The measure will significantly reduce payments made to carers when first applying for the allowance, with the government estimating a saving of approximately $35 million in the first year. The carer allowance is currently $94.70 a fortnight.

In evidence to the Senate Community Affairs Legislation Committee inquiry into the bill, the Department of Families, Community Services and Indigenous Affairs explained that the reasoning behind the proposal was that the 52-week rule was a remnant provision of the previous child disability allowance, which existed up until 1999 and which depended very much on a medical diagnosis. Under those arrangements, considerable time might be taken by families in confirming the medical diagnosis of their child in order to put in that claim.

The bill’s explanatory memorandum states:

... assessment methods are based on functional ability or care needs. As a result, qualification can generally be established quickly, which removes the need for long backdating periods.

In my comments tonight, I take issue with that explanation. The conclusion was refuted by individuals and groups who provided evidence to the legislation inquiry. Mr Michael Raper, President of the National Welfare Rights Network, said:

... in our experience, the reality within Centrelink is that most people in Centrelink would not accept those claims without the medical evidence. Be it right or wrong, without that medical evidence they will not accept the claim.

Carers Australia described the situation where a disability service officer recently visited a family whose second child has a very rare disability. The child is 18 months old and the final diagnosis was made after numerous tests and visits to doctors and specialist clinics. As the child was only recently diagnosed, the mother has just received the carer allowance, which has been backdated for the current 52-week period. This is the only extra assistance that this family has had since the birth of their child 18 months ago. As Carers Australia put it:

The bureaucratic delays in having a child diagnosed, particularly with a rare syndrome, can take a considerable period of time. When they are already facing a lifetime of care, support and additional expenses, it is totally unnecessary to further penalise these families in very stressful situations by reducing further a small amount of income that does not even cover the costs involved in caring.

It is obvious from that comment to the committee that carers still believe that a diagnosis is required. The decision to slash the current backdated period from 52 weeks and 26 weeks to 12 weeks for child and adult payments respectively, with no consultation with carers organisations or welfare groups, to my mind was a purely political decision taken by the Howard government. The argument that the government is simply bringing this backdating provision into line with other payments is plainly a furphy.

When I asked carer groups whether they had been consulted about the proposal to reduce the backdating period to 12 weeks, Carers Australia said that they had not been consulted in an in-depth way and Mr Raper, the President of the National Welfare Rights Network, said that his organisation had not been consulted at all. Ironically, both groups said that they were consulted about other measures contained in the budget—measures that were more positive in terms of their effect on carers. Carers Australia said that they had welcomed the one-off carer bonus in the 2005-06 budget. They also said that they were very concerned about changes to the backdating arrangements.

In my view, in this budget carers were given a sweetener—the changes to the one-off payment and the other more technical changes to the payment system—but there is a sting in the tail, and it is a sting in the tail that carers are going to have to carry. The government is repeating a pattern that we saw in Welfare to Work. If this
proposal is adopted, carers who are currently receiving payments will not be disadvantaged, but the carers who come on line after 1 July will face considerable disbenefit. The pattern is to quarantine people who are currently receiving payment and then hurt those who come on line after 1 July and who will probably not know what they have missed out on.

The majority of the submissions to the inquiry for this omnibus type bill were concerned with the backdating provisions of the carer allowance. By the department’s own admission, a majority of the 42,000 carers who annually apply for carer payment will be adversely affected, some losing up to $1,894. That does not sound like a lot of money, but if you have just had your child diagnosed with a severe illness or if you are having to modify your house or having to find money for extra medication, $1,894 would be extremely beneficial to you, and that is what the evidence to the committee told us.

No evidence was provided by the department or the government on the impact these cuts would have on carers. The department provided evidence that 72 per cent of applicants for carer allowance child and 36 per cent of applicants for carer allowance adult are currently backdated for the full period that they are eligible for—that is, 72 per cent of applicants for the child payment get 52 weeks back pay and 36 per cent of carer allowance adult get 26 weeks back pay.

The cuts in payments to carers as a result of the proposed measure, totalling $35 million a year, are significant. They contrast with the Howard government’s policy of paying $3,300 a year to millionaire families in receipt of family tax benefit B. They are also in contrast to my being told at Senate estimates last July that ‘Not many people would be affected’.

The committee heard from a number of groups that many people were not aware of their entitlement to carer allowance, and therefore did not apply for it immediately. The department indicated that the government makes no attempt to proactively identify those people who may be eligible for carer allowance and inform them of their entitlement. Many other reasons exist as to why carers do not apply in a timely way. The fact that the government makes no attempt to proactively identify those people who may be eligible for carer allowance and inform them of their entitlement was confirmed by Centrelink, which advised the committee that they have not been specifically funded to publicise these proposed changes to customers.

The only publicity of the carer allowance that the committee was advised of is a booklet available at Centrelink service centres, fact sheets available on the Centrelink website—including the disability and carer payment rates fact sheet—and a small section in the A Guide to Australian Government Payments booklet. They are mailed directly to people who already receive the carer allowance and the carer payment, and to relevant community organisations. There is very little work done by either the department of families or Centrelink to ensure that people who are potential customers, potentially recipients of carer allowance, are aware that the payment actually exists.

I move now to the application forms for carer allowance. I mentioned earlier in my contribution to this debate that you do not need a medical diagnosis to apply for a carer allowance because it is not a medical assessment but an assessment of need, and I made the point then that I was going to come back to this. Because, if you go to the actual forms that a person has to fill in, unless they have heard that information from the department—and many have not—they will be absolutely convinced that their child who has a disability requires a medical diagnosis first. If you look at the treating doctor’s report, the first question that the doctor really has to answer is ‘please provide your diagnosis of the condition’. The pages then go through cerebral palsy, epilepsy and syndromes that I cannot pronounce and have not heard of.

This is a medical form; no-one can say that this is an assessment of care needs. There are pages and pages of medical diagnoses, yet the government and the department are saying, ‘No, this is an assessment of care needs.’ A few pages further on, the treating doctor’s report says ‘please indicate if the child has any of the following medical conditions’, and then we get another list of medical conditions. Then there are a few pages at the back—and I have to say I found it extremely difficult to work out how they would indicate care needs—which ask the doctor to describe the abilities of that child. That is meant to indicate the care needs of that child. Then you go to the 13 pages that you as the applicant have to fill in. The question ‘Do you personally provide care on a daily basis because of the disability or medical condition?’ is the only question in those 13 pages that asks what care you provide.

So I truly understand the evidence from the National Welfare Rights Network and from Carers Australia where they say that many applicants honestly believe that they have to get a medical diagnosis before they can actually

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get a payment. They also said that GPs often incorrectly fill in the forms or do not fill them in unless they can absolutely identify clinically what is wrong with that person. So the government has a big job to do to shift community understanding of what entitles a person to carer allowance.

The department also stated in the inquiry that they do not collect information on why people delay applying for so long. This is why we have to ensure that people do not miss out on their entitlement for a variety of reasons. So the situation is that on average 42,000 people are new applicants for carer allowance every year. Seventy-two per cent of applicants for carer allowance child and 36 per cent of applicants for carer allowance adult will be affected; we know that. We also know that the proportion of people who get carer allowance child is much higher compared to the people who get carer allowance adult. We know there is no proactive strategy for identifying potential claimants by the department or by Centrelink, there is no strategy to inform a potential claimant of their eligibility and there is no intention to revise the application form to acknowledge that it is care needs, not clinical diagnosis, that are relevant in dealing with the application.

I acknowledge that the chair of the Senate Community Affairs Legislation Committee, Senator Humphries, has attempted to address in his recommendations the problem of information dissemination. However, to date the government has made no commitment to implement such an education campaign. Recommendations by the legislation inquiry were twofold: first, to implement an education campaign and, second, to amend the legislation to allow the secretary to exercise discretion to backdate the carer allowance if there were reasonable reasons why the person had not claimed and if there were going to be financial implications for the person if the claim could not be backdated.

In response to that, Labor have drafted an amendment which picks up on that government senator recommendation and puts it into effect. Our amendment will provide a discretionary power to the secretary to extend backdated carer allowance claims in cases where there are genuine reasons for the delayed application. There are a range of reasons and they are not exclusive. But the amendment is quite explicit about when a person should be able to backdate for up to 26 weeks with carer allowance adult and 52 weeks with carer allowance child. Labor’s amendment recognises that there are a range of reasons why people currently are not aware of the carer allowance or do not apply for it in a timely way. The amendment allows for the secretary to use discretion if an applicant does not apply because they fall into one of these categories, which are not exhaustive.

The amendment inherently, though, puts the onus back on the government to become more proactive, to use its systems to identify potential claimants and to ensure that there is a strong promotion of the carer allowance more broadly in the community and with specific groups—carers, GPs, community health workers and neighbourhood groups, for example. You will recall that the government spent over $50 million advertising its industrial relations reforms last year. I would be surprised if $100,000 is being spent annually to advertise carer allowance and carer payment to the whole of Australia.

The amendment also puts the onus on the government to change this onerous application form. If passed, the amendment turns the tables and puts the responsibility back onto the government to ensure carers get their applications in in a timely way. Given that the Liberal members of the legislation committee have recommended that discretion should be allowed, I urge Senators Humphries, Adams and Barnett to take this opportunity to support this amendment—which is fair, reasonable and in accordance with their recommendation.

A recent report by Access Economics, commissioned by Carers Australia, found that in 2005 about 2.6 million people—one in eight Australians—were estimated to be providing informal care to a family member or friend. The report estimated that informal carers will provide a total of 1.2 billion hours of care in 2005—a figure that none of us can contemplate. If informal care were replaced with services purchased from formal care providers and provided in the home, the replacement value would be $30.9 billion. That is a lot of money. It is a lot of money that these people save from our economy for our community, and $30 billion a year is what they are going to have stripped from the contribution that is being made to that care. These carers look after family members or friends day in, day out, 365 days a year. We cannot ignore the fact that providing informal care comes at a cost to carers in terms of their wellbeing, their quality of life, their financial security and their opportunity to be in the paid workforce. The contribution carers make is not only to the people they care for but also to the community and, as I said, the economy more broadly.

Labor understands the pressure that Australian families are under, particularly those caring for the most vulnerable members of our community, and supports carers in their efforts to have their voices heard and their needs recognised by this government. In conclusion, I think we should hear from the carers themselves:
Carers Australia strongly believes that there is no sound rationale for the proposed amendments in the bill, which are estimated to reduce expenditure by over $100 million over four years. They are not related to eligibility, financial hardship or the amount of care that the carer provides. The amount of care that carers provide our community with is really at the foundation of our health and community care systems.

... ... ...

Carers Australia believes that the proposed changes to the backdating measures for carer allowance recipients will further disadvantage and marginalise our family carers.

By passing Labor’s amendment, we can protect carers from the excesses of this Howard government.