

Department of Families, Housing, Community Services and
Indigenous Affairs

Pension Review

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submission by



A national voice for families of children with a disability

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The Australian Association for Families of Children with a Disability (AAFCD) welcomes the opportunity to make a submission to the Pension Review and promote the entitlements of children and young people with a disability and their families. The Pension Review and the broader inquiry into Australia's Future Tax System provide the opportunity to ensure the long-term financial security of all Australians.

AAFCD is a national organisation representing families of children with a disability. We are recognised and funded as a national peak body through the Department of Families, Housing, Communities and Indigenous Affairs (FaHCSIA). We are a non-profit, community based organisation run by families, for all families who have a child with any type of disability.

AAFCD:

- **Educates** national public policy-makers and the broader community about the needs of families of children with a disability.
- **Advocates** on behalf of children with a disability and their families to ensure the best possible support and services are available from government and the community.
- **Informs** families of children with a disability about their rights and entitlements to services and support.
- **Celebrates** the successes and achievements of children with a disability and their families.

Please find our response to the Terms of Reference of the Pension Review below.

Appropriate levels of income support and allowances, including the base rate of the pension, with reference to the stated purpose of the payment

The need for broad and equitable reform of income support

Australians are currently experiencing increased costs of living due to range of factors including the impact of significant increases in food, fuel and utility costs, rising debt, reduced housing affordability and an increase in manufacturing and production costs. This is further compounded for people with a disability and their families who experience not only cost of living pressures but also the added financial cost of disability.

Contrary to current media and legislative attention, it is not only Single Pensioners who are struggling with rapidly increasing costs of living. It has been highlighted by many people, including AAFCD members, that the Carer Payment, Carer Allowance and the Disability Support Pension have for some time been inadequate and do not enable them to maintain an adequate standard of living.

Recommendation

Any increases in income support payments include all recipients of income support, including those in receipt of Carer Payment, Carer Allowance and the Disability Support Pension.

The current base rates and payment thresholds are too low and both require urgent attention. While AAFCD welcomes the continued indexation of income support payments in line with CPI and wage benchmarks, it is important that payment thresholds are reviewed and base rates of income support payments are increased and continue to be indexed bi-annually. This will not only account for increased cost of living pressures but also recognise the inadequacy of current payment levels. Allowances, such as the Mobility Allowance and Carers Allowance, also need to be indexed in line with both CPI and wages benchmarks (MTAWE), not just CPI.

Recommendation

Increase the base rates of all income support payments.
Review current payment thresholds.
Index pensions and allowances in line with CPI and wage benchmarks.

Support for Carers

The Australian Institute of Health and Welfare (2006) reported that almost half of the primary carers of children with a disability require more support, with financial assistance being one of their greatest needs.¹ This is reinforced by research that suggests 62% of mothers who were the primary carers of a child with a disability were not in the labour force, compared with 36% of mothers of children of the same age without a disability.²

The accessibility, availability and affordability of services, such as respite, outside school hours care or other forms of early childhood services, are also another reason why carers have limited workforce participation. Compounding the need for increased financial assistance due to reduced capacity to participate in the labour market because of primary care responsibilities, are the additional financial costs

related to caring for a person with a disability. These additional costs include sensory and mobility equipment, transport, therapies, medication, continence products, home modifications, increased utility costs, alternative care arrangements and supports. It is essential that carers of children with a disability are provided with appropriate levels of income support and allowances to ensure that they are able to maintain an adequate standard of living and provide a quality environment where their children can thrive.

Recommendation

The loss of earning opportunities for parents of children with a disability be recognised and reflected within levels and rates of income support.

AAFCD welcomed the announcements in the 2008/09 Federal Budget, which will in part address the recommendations of the Carer Payment (child) Review Taskforce that will broaden the eligibility criteria, streamline the assessment procedure and improve the transition from Carer Payment (child) to Carer Payment (adult). AAFCD believes that a key focus of the forthcoming changes to Carer Payment (child) should be the introduction of a much more generous means test for Carer Payment (child). This would enable more families to be able to meet the costs of caring for their child with a disability.

Recommendation

Expand the eligibility for Carer Payment (child).

Support for people with a disability

The eligibility criteria for the Disability Support Pension (DSP), such as IQ levels, need to be reviewed. Other factors that restrict participation in the workforce should attract weightings that reflect the level of incapacity they constitute. Documentation outlining the purpose of the Treating Doctor's Reports as a component of the DSP assessment process should identify relevance and level of individual weightings.

Recommendation

A review of the eligibility criteria for the Disability Support Pension.
Individual eligibility weightings are identified in application documentation.

For many young people with a disability and their families the transition at age 16 to receiving the DSP is a time-consuming and overwhelming process. Young people with a disability are notified three months prior to turning 16 about their eligibility for the DSP. For many young people and their families three months is not an adequate timeframe to gather the required documentation.

It is also important that consistent information about the DSP application process is provided, particularly about whether or not young people with a disability including those with complex, multiple or severe disabilities or young people attending school full-time are required to attend a Job Capacity Assessment. It is vital that one of the outcomes of this review is a streamlined and consistent approach to the application process and eligibility criteria for the DSP.

Recommendation

Prior notification of eligibility for transition to the Disability Support Pension be extended to 6 months.

Streamline the Disability Support Pension application process to reduce complexity and ambiguity and increase transparency.

Another area of concern around the eligibility criteria for the DSP is the requirement that migrants and refugees with disability granted visa status must wait ten years before being eligible to receive the DSP. This ten year waiting period is unacceptable, particularly as DSP approval impacts on eligibility for additional disability services and supports, such as some aids and equipment programs. AAFCD supports the call of the National Ethnic Disability Alliance to abolish the 10 year qualifying period. It is vital this inequitable situation be rectified, particularly as it appears that the waiting period contravenes human rights conventions, including the recently ratified UN Convention on the Rights of People With Disabilities.

Recommendation

Removal of the 10-year Disability Support Pension exclusion period for migrants and refugees with permanent residency status.

Frequency of payments, including the efficacy of lump sum versus ongoing support

AAFCD believes it is vital that people with a disability and their families receive consistent and timely financial supports that enable them to meet the costs of living and care when required.

Structure and payment of concessions or other entitlements that would improve the financial circumstances and security of carers and older Australians

It is vital that the structure and payment of concessions or other entitlements not only improves the financial circumstances and security of people with a disability and their families but improves the lives of all low-income Australians, particularly those who receive income support payments.

Pensioner Concession and Health Care Cards are one way of improving financial circumstances and security. Concession cards improve the affordability of medical and pharmaceutical expenses and improve the affordability of a range of essential services, such as utilities and public transport (varies in each state). Families of children with a disability incur significant medical, pharmaceutical and therapeutic costs that are not fully covered by Medicare and the Pharmaceutical Benefits Scheme placing an extra strain on the weekly budget, often at the expense of other essential items.

Recommendation

Existing Health Care Card and Concession entitlements for people with a disability and the families are increased.

The Carer Bonus Payment is an example of an entitlement that has improved the financial security of carers. The Carer Bonus has been announced in the last four Federal Budgets as a once-off payment for people who are in receipt of the Carer Payment (\$1,000) or the Carer Allowance (\$600). The Carer Bonus is provided 'in

recognition of the contribution of people who provide substantial care for a person with a disability or who is frail aged'. While AAFCD appreciates the 'bonus' payment, it is not classified as income support and there is no guarantee that the payment will continue. Recognition of the carer contribution should be regarded as an entitlement as evidenced through the Carer Payment and Carer Allowance, rather than as a 'bonus'.

Recommendation

The Carer Bonus be provided as an regular payment that recognises the ongoing provision of substantial care.

The Carer Adjustment Payment of up to \$10,000 to those who meet the eligibility criteria is another example of a payment to carers. However, there is a lack of clarity around eligibility for the payment and there has been an inconsistent approval process that appears to be based on individual judgement, rather than a consistent and transparent process.

Recommendation

An equitable, transparent and clearly communicated process accompanies the allocation of the Carer Adjustment Payment.

Broader Taxation Reform

It is understood that this Pension Review forms part of the broader inquiry into Australia's Future Tax System. AAFCD would like to take the opportunity in this submission to highlight the need for simpler and fairer tax treatment of the income of people with a disability and parents/carers. As previously discussed, many people with a disability and carers are unable to participate in the workforce. As a result, they have a reduced capacity to accumulate and contribute to superannuation provisions.

AAFCD supports the ongoing call of Carers Australia and the recommendation of the Australian Human Rights Commission to develop a national superannuation scheme for carers. This would provide carers with improved long-term financial security.

Recommendation

Recipients of the Disability Support Pension and the Carer Payment be allocated a government superannuation contribution of 9%.
Carer Payment is tax exempt.

Elizabeth McGarry
Chief Executive Officer

¹ Australian Institute of Health and Welfare (2006) 'Disability updates: children with disabilities', *Bulletin*, Issue 42, July 2006.

² ...p.15