

2 Carer Payment and Carer Allowance policy background

Marcia Kingston

The Australian Government provides financial assistance to carers through the income support system. The main payments available to carers are Carer Payment and Carer Allowance. The details of these payments and the policy background are described in this chapter. There are also government initiatives that aim to improve access to respite care as well as initiatives aimed at improving the quality and accessibility of information available to carers.

Carer Payment

Carer Payment⁹ is an income support payment available to people who, because of the demands of their caring role, are unable to support themselves through substantial workforce participation.¹⁰ Like other income support payments, Carer Payment is targeted at those most in need. It is subject to income and assets tests and is paid at the same rate as other social security pensions. At 20 March 2008, the maximum single rate of Carer Payment was \$546.80 and the maximum partnered rate was \$456.80 per fortnight. Income testing arrangements mean that carers who participate in the workforce may have their Carer Payment reduced when their income level reaches a prescribed level, and the payment can stop altogether if the carer earns more than the upper level of the income test.

Where the person being cared for is aged 16 years or over, it is a requirement that the care receiver's level of care needs are assessed using the Adult Disability Assessment Tool (ADAT). It is designed to provide access to Carer Payment for carers of people with similar levels of disability, even where the cause and type of disability differ. The ADAT measures the amount of help required to undertake activities of daily living, such as mobility, communication, hygiene, eating and a range of cognitive and behavioural areas. This may include supervising and prompting the care receiver to undertake these daily activities.

In the case of children under 16 years of age, Carer Payment is available to carers of children who have a profound disability,¹¹ or two or more children who, together, require a level of care that is at least equivalent to the level of care required by a child with a profound disability. The eligibility criteria are stringent and focus on the high level of care required by the child. The criteria are not targeted at particular medical conditions, and the payment is not extended to carers of children with moderate disabilities.

Table 2.1 documents the history of the major changes to Carer Payment legislation and policy over the years.

9. Both Carer Payment and Carer Allowance are the responsibility of the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs and are delivered to the community by Centrelink, the Commonwealth agency responsible for delivering a range of social welfare payments and services.

10. Carer Payment is also available to carers who are of Age Pension age.

11. For a definition of "profound disability", see Section 1.1.C.146 Child with a Profound Disability (CP (child)) of the *Social Security Act 1991*.

Table 2.1 Major changes to Carer Payment legislation and policy, 1983–2006

Date	Change
1983	Spouse Carer Pension introduced for men caring for their wife on Age or Invalid Pension for an extended period.
1985	Replaced by Carer Pension and eligibility extended to other relatives.
1987	No longer payable overseas unless under an international agreement.
1988	Expanded to include non-relative carers.
1990	Continuation of payment of Carer Pension for 14 weeks after care recipient dies.
1991	Extended to people living near or adjacent to the care recipient's home.
1993	Extended to people caring for those not in receipt of income support because they have not been Australian residents long enough. Eligibility relaxed to include those able to work, study or train for up to 10 hours per week. Temporary cessation of care increased from 28 to 42 days per calendar year and exemption of carers from the requirement to be in Australia during period of temporary cessation of care. Earnings credit and access to Jobs, Education and Training Program introduced.
1996	Extended to those caring for persons not in receipt of income support but with limited means. Removal of requirement to live in adjacent home. Continuation of payment for 14 weeks after care recipient has moved to an institution.
1997	Renamed "Carer Payment". Temporary cessation of care that is allowable increased from 42 to 52 days per calendar year. Hours a carer can work, study or train increased to 20 hours per week.
1998	Extended to person caring for profoundly disabled child under 16 years of age and carers of two or more children who together need a level of care equivalent to that of a profoundly disabled child. Temporary cessation of care increased from 52 to 63 days per calendar year.
1999	Introduction of Adult Disability Assessment Tool (ADAT) to assess eligibility for carers of people 16 years and over. Introduction of provision to enable carers to continue to receive Carer Payment for up to 63 days a year when the person they care for is hospitalised and they participate in their care. Extended to carers of adults with a disability who have a dependent child under 6 years of age or a child aged between 6 and 15 years who has qualified their carer for Carer Allowance.
2002	Eligibility requirements simplified for carers of children with a terminal illness who receive active treatment.
2005	Hours a carer can work, study or train increased to 25 hours per week.
2006	Extended to carers of children aged between 6 years and 16 years with severe intellectual, psychiatric and behavioural disabilities.
2007	The Carer Adjustment Payment (CAP) introduced as an interim <i>ex gratia</i> payment scheme, offered while a review of Carer Payment (Child) is conducted (due to be concluded July 2008). The CAP is a one-off payment of up to \$10,000 to families experiencing exceptional circumstances following a catastrophic event.
2004–07	One-off carer bonuses of \$1,000 were paid to eligible recipients of Carer Payment. From 2006, eligible Wife Pension and Department of Veterans Affairs Partner Service Pensioners also received \$1,000 carer bonus payments if they were receiving Carer Allowance.

Source: FaHCSIA

Carer Allowance

Carer Allowance is a supplementary payment available to people who provide daily care and attention in a private home to a person who has a disability, severe medical condition or who is frail aged. Carer Allowance is not taxable or subject to an income and assets test. It can be paid in addition to Carer Payment or other social security income support payment. At 20 March 2008, the rate of payment was \$100.60 per fortnight.

There are adult and child streams of Carer Allowance, with different assessment methods used to assess the care receiver. Up until 1998, the adult and child streams of Carer Allowance had quite different histories. Table 2.2 provides a history of the major changes made to Carer Allowance legislation and policy. Like Carer Payment, where the care receiver is an adult aged 16 years or over, eligibility includes an assessment of the care needs of the person requiring care, using the ADAT.

Table 2.2 Major changes to Carer Allowance legislation and policy, 1974–2006

Date	Change
1974	Handicapped Child Allowance was introduced. Distinction made as to degree of disability, and income test applied in some cases.
1978	Became payable in respect of students aged 16 to 24 years.
1987	Replaced by Child Disability Allowance (CDA) and eligibility was based on the requirement that the child required more care and attention. No income test applied.
1993	Temporary cessation of care that is allowable increased from 28 to 42 days per calendar year.
1998	Introduction of the Lists of Recognised Disabilities (LORD) and the Child Disability Assessment Tool (CDAT) to assess eligibility. Temporary cessation of care that is allowable increased from 42 to 63 days per calendar year. Health Care Card eligibility was extended to carers who did not qualify for the fortnightly payment but had a child who required substantially more care and attention than a person of the same age without disability.
1999	Carer Allowance was introduced. It combined CDA and the Domiciliary Nursing Care Benefit, which was administered by the Department of Health and Aged Care, and was paid to carers of adults who required a nursing home level of care. Introduction of Adult Disability Assessment Tool (ADAT) to assess eligibility for carers of people 16 years and over. Introduction of provision to enable carers to continue to receive Carer Payment for up to 63 days a year when the person they care for is hospitalised and they participate in their care.
2002	Four special care needs were added and a number of minor amendments were made to refine the operation of the CDAT.
2004	Eligibility extended to carers of adults who do not live with the person to whom they provide substantial levels (20 hours per week) of personal care on a daily basis.
2005	Some disabilities and medical conditions were added or modified on the LORD.
2006	Backdating provisions set at 12 weeks for carers of adults and children. Diabetes mellitus type 1 added to the LORD.
2007	A Health Care Card (HCC) was extended to all 16–25 year old full-time students who held a Carer Allowance (Child) HCC on the day before their 16th birthday. The card is a claimable card, valid for 12 months at a time. An annual \$1,000 supplement (Child Disability Assistance Payment [CDAP]) was introduced for each child with disability for whom the carer was receiving Carer Allowance (Child) on 1 July, to help purchase assistance for that child.
2004–07	One-off carer bonuses of \$600 were paid to eligible Carer Allowance recipients for each care receiver.

Source: FaHCSIA

Where the care receiver is a dependent child under 16 years of age, the child is firstly assessed against the Lists of Recognised Disabilities (LORD). The LORD contain certain disabilities and medical conditions that are consistently severe enough to qualify the parent or carer for the allowance. If a child's medical condition or disability is not on the LORD, they are assessed using the Child Disability Assessment Tool (CDAT). The tool measures the severity of disability by assessing whether the child functions according to standards appropriate to their age. The child's ability is measured in a series of functional categories: language skills, self-care skills, social and community skills, and fine and gross motor skills. Additionally, behaviour is taken into account where it is significantly affected by the disability, along with special care needs.

Carer Allowance can only be paid to the same carer in relation to the care they provide for up to two adults with disabilities. However, there is no limit on the number of dependent children in relation to whom a parent can be paid Carer Allowance.

Growth in the payments

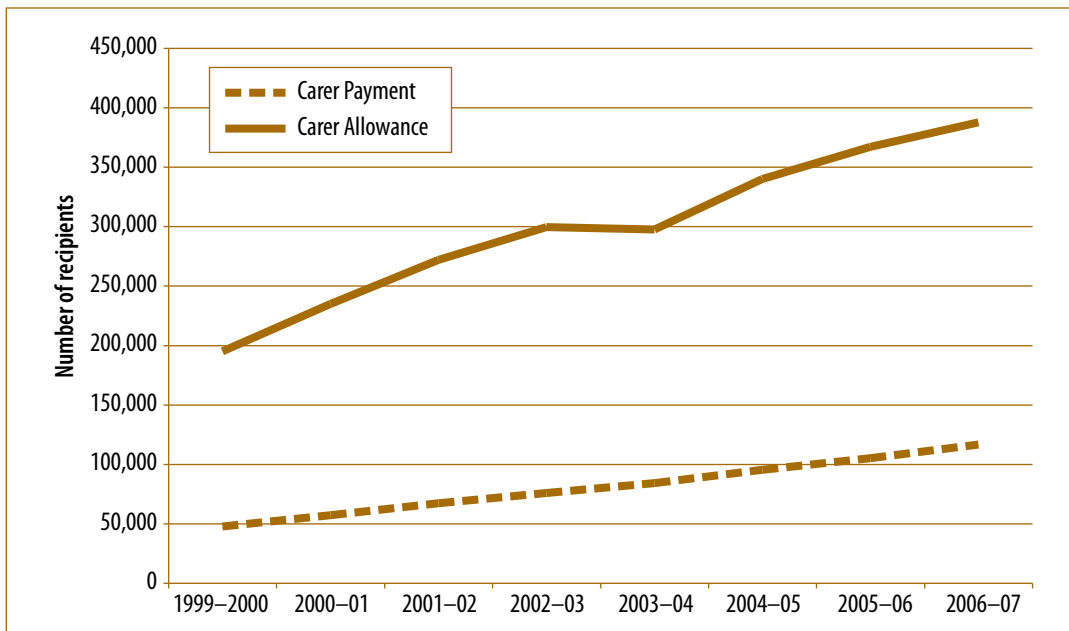
There has been large growth in the number of people accessing Carer Payment and Carer Allowance (see Figure 2.1), especially over the last several years. Consequently, expenditure on these programs has increased dramatically (see Figure 2.2). Since 1999–2000, the number of people receiving Carer Payment grew by 145% and expenditure increased by 283%. During the same period, the number of people receiving Carer Allowance increased by 102% and annual expenditure rose by 223%. These increases reflect:

- demographic changes, such as the ageing of the population, and the associated increase in the incidence of people suffering from disability;
- greater public awareness of the two payments;

- an increase in the number of people with disability and medical conditions being cared for at home; and
- changes to qualification criteria that have extended eligibility of these payments to a wider group.

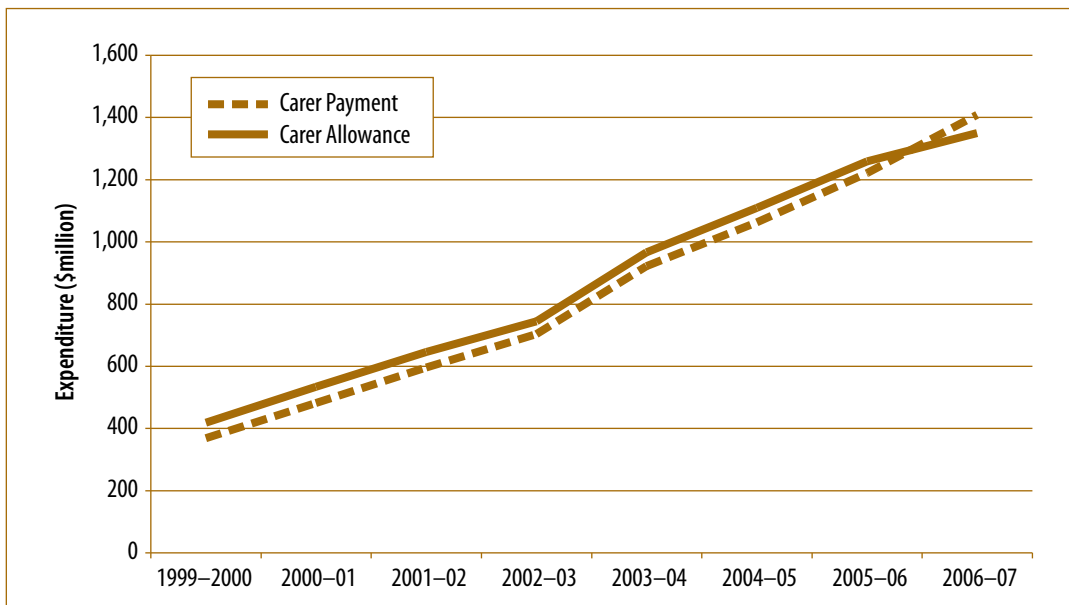
Characteristics of people receiving Carer Payment

As at June 2007, there were 116,614 people who were receiving Carer Payment. The majority of these people cared for adults, and two-thirds of payment recipients were female (the proportion



Sources: Department of Family and Community Services (FaCS), 2000, 2001, 2002, 2003, 2004, 2005; Department of Families, Community Services and Indigenous Affairs (FaCSIA), 2006, 2007

Figure 2.1 Number of recipients of Carer Payment and Carer Allowance, 1999-2000 to 2006-07



Sources: FaCS (2000, 2001, 2002, 2003, 2004, 2005); FaCSIA (2006, 2007)

Figure 2.2 Expenditure on Carer Payment and Carer Allowance, 1999-2000 to 2006-07

of females has been increasing every year). More than a third of people receiving Carer Payment were aged between 50 and 59 years and nearly 65% were partnered. Most Carer Payment recipients were on the maximum rate of pension, with only 13% having income from employment that was sufficient to reduce the amount of Carer Payment received. While less than 1% of recipients had been on the payment for more than 15 years, nearly 75% had been receiving the payment for less than 5 years.

Characteristics of people receiving Carer Allowance

As at June 2007, there were 393,263 recipients of Carer Allowance. Of these people, 278,602 were caring for adults, 109,118 were caring for children under 16 years of age and also 4,902 recipients were caring for both adults and children. Of those caring for adults, 32% were male and 68% were female; 94% of those caring for children were female.

There is a wide range in age of Carer Allowance recipients, and the age structure differed between those receiving Carer Allowance for caring for an adult and those who are caring for a child. Carers of children tended to be younger than carers of adults, with over half of the former being under 40 years of age, while over 40% of carers of adults were aged between 60 and 79 years.

Over half of Carer Allowance recipients also received an income support payment such as Carer Payment, Age Pension, Parenting Payment or Disability Support Pension. Just under half of Carer Allowance recipients had only been on the payment for less than 3 years, but just over 20% had been receiving the payment for 6 years or more.

At June 2007, 393,263 carers provided care for 292,491 adults and 129,298 children under 16 years of age. Additionally, there were 19,030 children for whom a Health Care Card was received.

There were some differences between the primary medical condition of adult and child care-receivers. The main types of medical conditions for adult care-receivers were musculo-skeletal disorders (22%), circulatory conditions (21%) and disorders of the nervous system (17%). For child care-receivers, the largest group had a learning disability (17%), followed by attention deficit hyperactivity disorder (ADHD) or attention deficit disorder (15%), and autism (14%).

While the history and purpose of Carer Payment and Carer Allowance are quite different, in recent times both have been characterised by a large growth in the number of people receiving these payments and the expenditure on these programs. By June 2007, over half a million people were receiving Carer Payment and Carer Allowance. With the ageing of the population, it is likely that the number of recipients of Carer Payment and Carer Allowance will continue to grow and issues to do with this group of people will continue to be a policy focus.