

Senate Community Affairs Legislation Committee

Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015

Children with Disability Australia
Submission - February 2016

INTRODUCTION

Children with Disability Australia (CDA) welcomes the opportunity to provide feedback regarding the *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015* (the Bill).

This submission focuses on issues of relevance to families of children with disability accessing Family Tax Benefit (FTB) payments. In particular, concerns are raised regarding the impact of the reduced standard rate for Family Tax Benefit Part B (FTB-B) recipients with children aged 13 to 16 years, the removal of FTB-B for children aged 17 and 18 and the cessation of the FTB supplements. There appears to be little consideration of the needs and circumstances of families of children with disability regarding the impact of these changes.

CDA has received a strong response from some members who fear that reduced rates will significantly increase financial pressures experienced and will result in many families being unable to afford essential services, supports and expenses for their children.

CHILDREN WITH DISABILITY AUSTRALIA

CDA is the national representative organisation for children and young people with disability, aged 0 to 25 years. The organisation is primarily funded through the Department of Social Services and is a not for profit organisation. CDA has a national membership of over 5300.

CDA provides a link between the direct experiences of children and young people with disability to federal government and other key stakeholders. This link is essential for the creation of a true appreciation of the experiences and challenges of children and young people with disability.

CDA's vision is that children and young people with disability living in Australia are afforded every opportunity to thrive, achieve their potential and that their rights and interests as individuals, members of a family and their community are met.

CDA's purpose is to advocate systemically at the national level for the rights and interests of all children and young people with disability living in Australia and it undertakes the following to achieve its purpose:

- **Listen and respond** to the voices and experiences of children and young people with disability;
- **Advocate** for children and young people with disability for equal opportunities, participation and inclusion in the Australian community;
- **Educate** national public policy-makers and the broader community about the experiences of children and young people with disability;
- **Inform** children and young people with disability, their families and care givers about their citizenship rights and entitlements; and
- **Celebrate** the successes and achievements of children and young people with disability.

DIRECT EXPERIENCES OF CHILDREN WITH DISABILITY AND FAMILIES

The experience of childhood is still extremely different for children with disability as opposed to their peers without disability. Shamefully, children with disability still routinely experience discrimination in many areas of their lives, including education, play, community access and a range of social opportunities.

While we are in the midst of unprecedented social reform with the roll out of the National Disability Insurance Scheme (NDIS), many children with disability are yet to access the Scheme and some will not be eligible for funded services and support through the NDIS in the future. Many service and support gaps are therefore still being paid for by families.

Further, some children with disability have ongoing medical care needs and require access to health care or rehabilitation, often requiring families to pay to access medical or allied health services, either at full or partial costs.

My children requires weekly therapy, which costs me \$279 a week, none of which is covered by the government. I manage to pay this by limiting luxuries others (would) consider necessities.

There are also many incidental financial costs which families of children with disability often incur. Examples include increased utility expenses, specific dietary requirements and additional transport costs.

Presently there is considerable reform occurring in a number of important areas for children with disability and their families such as the NDIS, early childcare education and care and schools. It is clearly the responsibility of the relevant systems and sectors to address discrimination and exclusion of children with disability and the lack of appropriate support. These reform areas should progress over the next few years. It is envisaged that these reforms will reduce some additional financial costs currently associated with having children with disability. However, currently there remains a considerable financial impact on families of children with disability because of a variety of systemic barriers.

I had to leave my job of seven years as they would not accommodate my son's needs.

I work two to three days a week. However due to my sons complex needs I am often forced to take time off.

I'm not able to work...as I can get a phone call at any time to collect (my son from school when they cannot meet his needs).

I am a full-time carer and one of my children is forced to study distance education at home as there is no school that can (meet her needs). I rely solely on government assistance to live, I wish I didn't. I wish I could go to paid employment everyday but I can't.

I can't work as childcare centres refuse to take my son into care so I also have a loss of wages.

My son with has only attended school 2.5 days per week this year, as that is all his school says they can do to meet his needs. The flow on effects to families (in terms of earning ability and stress) are horrible.

At (my son's) school's request he is currently doing shorter days. It is extremely difficult for me to manage.

The barriers encountered by families of children with disability to workforce participation are reflected in available statistics. The Australian Bureau of Statistics have found that 64 per cent of

families of children with disability aged 0 to 14 years reported that the main financial impact of their caring role was a decreased income or an increase in their expenses.¹

It is therefore the current lived reality for many families of children with disability that expenses are higher in a range of areas or income is reduced. This can be increased for families who experience multiple disadvantage including: single parent families; single income families; low income families; families in regional, rural and remote areas; families who have experienced domestic violence; Aboriginal and Torres Strait Islander families; and families from culturally and linguistically diverse backgrounds.

Many families have expressed very strongly to CDA that their ability to meet the range of costs they incur is dependent on receipt of income support and family payments. Many are extremely fearful and distressed about how they will fund essential costs if proposed changes to FTB payments are implemented.

GENERAL COMMENTS ON THE BILL

FTB payments aim to support families with the costs associated with raising children² and to ensure access to an adequate standard of living for children.³ They were introduced to assist families with cost increases incurred as a result of the introduction of the Goods and Services Tax.⁴

The Bill introduces a range of changes to the Family Tax Benefit Part A (FTB-A) and Part B (FTB-B) payments. The rationale for the changes provided by the Australian Government has focused on simplifying the payment system, supporting family choice to care for newborn babies at home, to increase workforce participation of families and to provide funding for the *Jobs for families child care package*.⁵

CDA supports the measures that maintain or increase the present rates of payment for the FTB, Youth Allowance or Disability Support Pension. However, CDA is concerned that the reduced rates of payment for FTB-B, the removal of FTB-B for children aged 17 and 18 and the cessation of the FTB supplements have given little consideration to the specific circumstances that families of children with disability typically contend with. There is also a lack of data and information regarding families of children with disability who receive FTB payments, which creates a barrier to assessing the impact of the proposed changes.

Families accessing the FTB-B for children with disability aged over 13 and the supplements will experience a considerable reduction in payments if the measures contained in the Bill are passed. While there is a lack of specific data that examines the socio economic status of families of children with disability, available evidence suggests families of children with disability are more likely to

¹ Australian Bureau of Statistics 2012, 'Children with a Disability,' *Australian Social Trends 2012*, Commonwealth of Australia, Canberra.

² Australian Government Department of Human Services 2016, *Family Tax Benefit*, Commonwealth of Australia, Canberra, viewed 2 February 2016, <http://goo.gl/dzQxxD>.

³ M Klapdor 2015, *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015*, Department of Parliamentary Services, Commonwealth of Australia, Canberra, p. 8.

⁴ *Ibid*, p. 8.

⁵ C Porter 2015, *Second Reading Speech: Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015*, House of Representatives, Commonwealth of Australia, viewed 12 February 2016, <http://goo.gl/tH36vs>, p. 14425.

experience economic hardship.⁶ For example, the poverty rate of families with at least one person with disability (including parents with disability, children with disability or adults in the family) was 11.1 per cent in 2010 based on incomes, as opposed to 7.6 per cent for families without a person with disability.⁷ This data did not take into account additional expenses for families with a person with disability.

There is therefore a significant risk that the proposed reduced rates will negatively impact families of children with disability accessing the payment.

Recommendation 1: The Australian Government collect data detailing the number of families of children with disability receiving the Family Tax Benefit.

SPECIFIC COMMENTS ON THE BILL

New Payment Rate for Family Tax Benefit Part B

This section focuses on the reduced standard rate for individuals with a youngest child aged 13 to 16 years and the removal of FTB-B for recipients with a youngest child aged 17 or 18 who are not single parents aged over 60, grandparents or great-grandparents.

CDA consulted with members regarding the proposed changes. Members expressed strong concerns around the reduction of this payment as it is often used to fund essential living expenses for children with disability, including therapies, care costs, medical costs, food, clothing, school supplies, transport and utilities. Difficulties in paying for these essential items as a result of reduced FTB rates will significantly increase the financial pressure on families who are already vulnerable. Families reported the following to CDA:

We won't be able to afford food, car registration or insurance. How will I take my child to appointments?

With the cost of living going up, we are going to struggle and will need to toss-up between medicines, food, therapies and utilities.

Every bit of financial help is greatly welcomed. Already struggling to pay rent, bills and specialist fees, this is really going to hurt.

These changes could see us homeless, as it's the only place left in my budget to cut.

I work full time but still qualify for (FTB-A and FTB-B) - these amounts are what help me get through and to provide some level of therapy for my son.

I rely on the FTB both Part A and Part B to assist in covering living expenses. We don't spend money unnecessarily and have to pay to be able to attend (recreational activities and events). None of this is going to be possible if these payments are reduced in anyway. I share rent with my mother as I can't afford to pay rent on my own even with the Centrelink payments.

⁶ Australian Bureau of Statistics 2012, *Children with a disability*, National Centre for Social and Economic Modelling 2013, *Poverty, Social Exclusion and Disadvantage in Australia*, University of Canberra.

⁷ National Centre for Social and Economic Modelling 2013, *Poverty, Social Exclusion and Disadvantage in Australia*, p. 22.

If the increase in FTB-A isn't sufficient to offset the decrease in FTB-B and supplements, these changes will hurt, as the time commitment of our caring role keeps us constrained to one income source, these payments are therefore a significant percentage of our family's income.

If we lose FTB this leaves under \$400/week for five people to live on.

Other families report to CDA that they accumulate significant debt in order to cover essential costs of raising children. Families have stated that they use credit cards or take out loans to cover living expenses or if unexpected costs arise.

I am in debt with a credit card due to trying to keep my car on the road - which is essential for us all getting to school and appointments. I struggle to pay \$100 a week in petrol (yes, that's how much driving I do in a week to get to schools and appointments)...I struggle feed and clothe my children, additional expenses for school are not often possible.

The payments I receive from Centrelink don't even near cover my costs for two children with disability so all I do is accumulate debt.

These financial pressures can also have profound impacts on families' emotional wellbeing, causing significant stress. Families of children with disability frequently contend with discrimination and exclusion when looking to access basic entitlements afforded to children. CDA often hears from families who are completely frustrated and exasperated due to dealings with inadequate service systems or attitudes within the community that position children with disability as inferior and incapable. Financial pressures are an additional source of stress and hardship for families.

Every dollar I receive is spent with great care and the idea that that will soon be less is very distressing. The saddest part is it's the children that suffer, every cent I have is spent on them so I now have less money for their needs, which are already expensive.

Life would be so much more stressful (if the Bill passes) and unreachable goals are what we struggle with every day.

The pressure on me is at breaking point as it is - if they add even extra financial pressure I don't know how I will manage living let alone providing for my child's needs.

A number of single parent families have raised significant concerns to CDA regarding the reduced payment rates, who in many cases rely on FTB-B payments and have limited access to income and child support.

I'm a sole parent, which makes this doubly difficult. I am extremely grateful to have payments to assist me I really am. I am living on the breadline now and I work how can I afford another cut?

As a single parent...this will impact us in many ways. I'm struggling now to pay for therapy, medication and other incidentals.

I am a single parent but I am also a New Zealand citizen so all I am entitled to is FTB. I struggle to keep a roof over my children's head and putting food on the table is helped a lot by welfare services...If I lose any benefit money I will find it impossible to raise my family.

Available evidence demonstrates that child raising costs increase as children get older, particularly during transition points such as starting primary school, starting secondary school and during the

final two years of schooling.⁸ Again, families of children with disability often experience additional costs at these times.

Personally it always baffled me why the payment was reduced when the kids hit school...in clothing and footwear, food, transport - the list goes on and grows the older they get.

It is also important to note that the measures contained in the Bill are proposed in addition to previous or upcoming reductions in family payments, such as the School Kids' Bonus, the reduced income threshold for FTB payments and linking the Family Tax Benefit to the Consumer Price Index rather than wage increases.⁹

These experience of families of children with disability demonstrate the importance of FTB-B for children over 13 years. While it is important to ensure any income support payments are well targeted, the measures contained in the Bill will evidently impact upon vulnerable families who depend upon FTB payments to meet the needs of their children.

It is the view of CDA that specific consideration must be given to the circumstances of families of children with disability in this reform process. CDA therefore does not support the proposed changes that reduce the FTB-B amount, as they will adversely impact many families of children with disability.

Recommendation 2: The Australian Government maintain the present standard rate for Family Tax Benefit Part B payments for families with a youngest child aged 13 to 16.

Recommendation 3: The Australian Government maintain the present standard rate for Family Tax Benefit Part B payments for families with a youngest child aged 17 to 18.

Recommendation 4: In the event that the new rate structure for Family Tax Benefit Part B recipients contained within the Bill is implemented, CDA recommends extending the exemptions that apply to single parents over 60, grandparents and great-grandparents to include families of children with disability.

Family Tax Benefit Supplements

The FTB supplements were introduced in response to “the large number of FTB recipients who ended up with small debts after their end of year reconciliation” and are a lump sum payment at the end of each financial year.¹⁰

Feedback provided to CDA indicates that some families of children with disability rely on these payments to cover larger essential purchases. These include aides and equipment, car registration, dental or medical bills or to pay off debts. For many, the loss of FTB supplements will have a significant impact on their capacity to finance a range of essential living costs. This is reflected in the following experiences reported to CDA:

The bonus payments at the end of the financial year are used to assist in purchasing equipment that we couldn't normally afford and ensuring the car is kept roadworthy so that we have the ability to access school and the community on the rare occasion.

⁸ Reference Group on Welfare Reform to the Minister for Social Services 2015, *A New System for Better Employment and Social Outcomes*, Commonwealth of Australia, Canberra, p. 88.

⁹ Klapdor 2015, *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015*, p. 11.

¹⁰ Ibid, p. 9.

I really appreciate every cent we receive and especially the one off yearly payments. They have enabled me to buy things for the children that I could never afford, like a bed.

We always use the...supplements to pay off debts and any dental work, haircuts (et cetera). My kids are used to us always saying, in August we can afford to do that.

I use the supplement for therapy costs and respite including family holidays. We would not survive without the supplement, as my husband is on a basic wage.

(The) supplement pays my (car registration) and tyres plus everything else to keep my car on the road to get my son to his appointments in the next town.

Being a single mum, the supplement payment helps for Christmas lay-bys and so forth, so we would really struggle.

The supplements pay for Christmas otherwise we wouldn't have one and to move house pretty much every year because the rentals keep getting sold off or they're structurally unsound. With any more cuts I don't know what we'll do - we're already looking at being homeless next week.

The new payment system would mean my family will struggle a lot more than we already are. We are barely able to afford bills and food as it is. We rely on the top up for bills and fix the car up.

Recommendation 5: The Australian Government retain the Family Tax Benefit supplements.

CONCLUSION

Given the specific circumstances and financial pressures experienced by families of children with disability, CDA recommends removing the elements of the Bill that reduce FTB payments and end the supplements. CDA welcomes the intent of the Australian Government to simplify and better target family payments. However, a consequence of this should not be the reduction of the vital income support available to families of children with disability to meet the needs of their children.

Thank you for the opportunity to contribute to this Inquiry.

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