



Physical Disability Council of Australia Ltd (PDCA)

P O Box 38
Willawarrin. NSW. 2440

02 6567 1500

1300 781 786

pdca@pdca.org.au

www.pdca.org.au

Physical Disability Council of Australia

Submission

to

**Review of the Age Pension, Carer Payment and
Disability Support Pension**

Contact:
Sue Egan
Executive Officer
Physical Disability Council of Australia Ltd

About Us:

The Physical Disability Council of Australia Ltd or PDCA (soon to be known as Physical Disability Australia), is the national disability peak organisation representing the interests and views of people with physical disability across Australia.

PDCA is funded by the Australian Government through the Department of Families, Housing, Community Services and Indigenous Affairs.

People with physical disability in Australia:

According to the Australian Bureau of Statistics in 2003, One in five people in Australia (3,958,300 or 20%) had a reported disability in 2003. A further 4,149,000 (21%) had a long-term health condition that did not restrict their everyday activities. The remaining 11,703,800 (59%) had neither a disability nor a long term health condition.

Of those with a reported disability, 86% (3,387,900) were limited in the core activities of self care, mobility or communication, or restricted in schooling or employment. Most people with a disability (76%) were limited in one or more of these core activities.

The experience of people with physical disability:

Regardless of individual differences, it can be said with confidence that people with a physical disability, particularly those with significant mobility handicaps:

1. experience discrimination within the community in some form;
2. have great difficulty gaining access to public and private buildings because of physical barriers such as steps, steepness of site and lack of parking;
3. face greater costs than other people because of their disability (such as equipment, modifications to vehicles, household appliances and housing, home maintenance, transport, personal, medical and health care costs and managing a household)
4. generally cannot access public transport and are reliant on taxis, with varying levels of subsidy throughout Australia, or on private vehicles
5. face significant discrimination in finding a job and obtaining promotional opportunities, despite the avenues for redress through disability discrimination legislation
6. have lower incomes than their age/education peers due to greater difficulties in getting employment and in achieving promotion
7. have fluctuating income if their impairment is associated with medical conditions leading to episodic periods of hospitalisation and/or absence from work. (Such people include some people with spinal cord injury, multiple sclerosis, muscular dystrophy).
8. Lack access to affordable, secure and appropriately designed housing, and is a critical issue for people with a physical disability. Lack of access to such housing has a major impact on our capacity to participate fully in the life of the community and to live as independently as possible within our own households.

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

- The single rate of pension is 60 per cent of the combined couple rate, lower than the average for major OECD countries (63 per cent).
- Most pensioners have low incomes: over half have nothing or less than \$20 a week of private income,
- Most pensioners do not have savings or other assets: this is especially true for people with disability, who in many cases have not had the opportunity to build up savings or other assets throughout their lives, especially if the disability is from birth or early illness.
- The family home is a major form of savings for many seniors: 61 per cent of Age Pensioners are homeowners; among Age Pensioner couples, 83 per cent are homeowners. This is not the case for many people with disability who have never, and may never own their own home and rely on community accommodation for their housing, especially if they have a physical disability.
- Few pensioners participate in work to supplement their payments: 4 per cent of Age Pensioners, 12 per cent of Disability Support Pensioners and 11 per cent of Carer Payment recipients. Again this is especially so for those with physical disability who are underemployed, and have the least options and opportunities to become employed because of:
 - ① Lack of public and accessible transport
 - ① Access to premises
 - ① lack of education or training
 - ① The cost of working
 - ① fatigue or episodic conditions
 - ① inferior or lack of appropriate equipment; and
 - ① other factors.

Response to Issues relating to people with physical disability and pensions versus costs:

- There is a strong direct relationship between additional costs due to disability and disposable income;
- there is a weak relationship between additional costs and impairment; and
- The specific items that lead to additional costs vary with the type of functional disability.
- Research in the past on costs associated with disability have been prone to significant under-reporting and over-reporting errors that do not necessarily cancel out;
- Research input has been biased downwards to the extent that the incomes of people with disability are lower than they would otherwise be;
- Responses have not accounted for individual financial and living circumstances, a community's social capital or local infrastructure, or individual taste factors.

- Most critically, research has told us less about the additional cost due to disability than they do about the budget constraint faced by the individual.

The case for a disability allowance:

An individualised disability allowance would enable people with disabilities to take greater control of their own lives instead of being dependent on service providers and assessors to determine the expenditures needed for greater independence.

Such an allowance would arguably also lead to a more efficient system of disability goods and service provision, since it may encourage competition between providers and suppliers.

Research already undertaken:

There have been many research projects and papers on the additional cost of disability, including:

- Towards a Disability Allowance: Offsetting the costs of disability – an analysis undertaken for PDCA by Dr. Jack Frisch in 2001.
- Hughes, D. & Purdy, F., 1999, *A Survey of the Unavoidable Cost of Disability Among 200 People with Quadriplegia*, The Australian Quadriplegic Association, Sydney.
- Walsh, J. & Chappell, P., 1999, *Cost of Disability Survey Stages 2 and 3 – Demonstration of Relationship: Severity of Disability v Cost*, Department of Family and Community Services, AGPS, Canberra, ACT.
- Cooper, M. 1993, 'Targeting a Disability Allowance', *Australian Disability Review: Journal of the Disability Advisory Council of Australia*, No 2, 1993, pp.73 +
- Australian Council of Social Service, 1998, *Income support for people with disabilities: Response to Social Security Review Issues Paper No. 5*, Surry Hills, N.S.W.
- Cass, B, Gibson F., & Tito, F., 1998, 'Towards Enabling Policies: Income Support for People with Disabilities', *Social Security Review*, Issues Paper No. 5, Dept of Social Security, Woden, ACT.
- The Costs of Disability and the Incidence of Poverty By Peter Saunders. SPRC Discussion Paper No. 147. August 2006

Summary

Therefore, PDCA in conjunction with the Australian Federation of Disability Organisations (AFDO) recommend that all pensions and allowances be raised by 30% immediately, to raise the bar for people with disability which will enable increased participation in society and go some way toward eliminating the poverty experienced by people with disabilities.

Secondly, we recommend that the Pension system be given a complete overhaul and that people be paid a 'Living Allowance' with an 'Extra Costs' set of payments which are individually tailored for those with additional needs as a result of their disability.

In recognition of the time it will take to implement these recommendations in a seamless and efficient manner, we suggest that this be implemented within the next three years.

Framework

People with disability do have extra costs of living. This is now well established by the number of research papers both overseas and in Australia on this subject (*see elsewhere in this document for some of these*).

Some of the findings contained within the previous research have established that some people can spend up to 60% of their Pension on the extra cost of disability alone and rely on families, friends and neighbours to provide some of the essential services or items needed to survive, such as security and safety in their own homes. This alone, keeps people in constant debt, poverty, exclusion and worry, often resulting in mental health issues.

Recently, one of our members reported being abused, physically and verbally by a support worker, and had money and jewellery stolen from her home. The relationship to the Pension Review is that living on a Pension, does not allow this person to contract in the appropriate support that she needs.

This instance highlights the fragile existence experienced by many people who have a high level of disability and live in their own homes. PDA believes that this issue needs an input of funds to train individuals in what to do when they are at their most vulnerable.

The concept of 'social inclusion' in today's society is almost impossible to consider when some people cannot afford to be housed appropriately, eat properly, see a doctor, catch a taxi or look for work, and experience vulnerability because of lack of funds.

This submission recommends that there be a major overhaul of the current social security system in order to be more equitable to people with disabilities.

Our Recommendations

For immediate implementation

1. All pensions, allowances and benefits be immediately increased by 30%
2. The Federal Government establish a Ministerial advisory committee to oversee the implementation of a new payment system as recommended by AFDO and PDCA to:
 - 2.1 Conduct consultations to decide how an 'Extra Costs Allowance Smart Card' can be implemented within 3 years.
 - 2.2 Monitor and evaluate with recipients, service providers and governments how the new system is working on an on-going basis; and report recommendations regularly to the above 'high level advisory committee'.
3. The existing 'tapering off' of the pension when commencing employment should be extended to 2 years until an established work pattern and income is achieved.
4. Co-payments by people on Social Security benefits for all government funded services should cease {even if only \$1 is received by the service from the state

or federal government }. People on Disability Support Pensions cannot afford to pay for each type of assistance.

7. Medical Practitioners should be compulsorily bulk-billing people who are not working. This should be a condition of receiving a Provider Number and proven by producing a card of identity of some type. Approved by the Federal Government.
8. Dentists should be able to bulk bill for their services to people in receipt of 'Extra Allowances'. Dental care is another item that cannot be afforded by people with disability on a Pension.

For implementation within the next 3 years

1. All people over the age of 16 years, and not working, or unable to work should be entitled to a '**Living Allowance**'. (formerly the Disability Support Pension)
 - This Living Allowance should be pegged at 35% of men's average weekly earnings, an increase of the current formula of 10% .
 - This amount should be reviewed annually, just as the minimum rates of pay are reviewed annually by the Fair Pay Commission.
2. The Living Allowance should include items where applicable of **rent subsidies** and the **Health Care Card**.
4. The Living Allowance **should be** means tested but **not taxed**.
5. Establish an Extra Costs Allowance which **is not** means tested
6. Establish a new '**smart card**' to record the allocation and usage of 'Extra Costs.'
7. Include in the '**Extra Costs**' allowances for:
 - Raising children by those who have a disability to provide for additional costs due to a disability, such as extra childcare, taxis to and from childcare etc.
 - Start up costs for new homes, study and work, which includes modifications to homes, such as kitchen, bathroom, ramped entry etc.
 - Aids and equipment* including such things as microwaves, battery vacuums, freezers, dishwashers, clothes dryers which may provide enablement and/or less \$\$ spent on support worker hours
 - Costs of an assistance animal, monitored alarms, which enable good health and safety (*in other words items that are mainstream but are essential but not affordable, to simply enable ie an overheated quadriplegic can die in extreme heat, or cold.*)
 - Medicare plus
 - Public Transport
 - Access /rent for telephone and internet
 - Rural and remote living – transport costs, power, food, petrol etc
 - Personal support and home based services
 - Workplace modifications and support (including people who work from home)

- Interpreters both Auslan and Language interpreters for those with a disability.
 - Emergency relief
 - Gas, water and electricity for additional heating and cooling costs and heating & cooling appliances,
 - Part of the Living Allowance
 - Insurances for the direct employment of support staff
 - Training fees for additional learning or education eg tutors,
 - Books, programmes & transcriptions, large print, braille etc
 - Superannuation contributions
 - So called 'Convenience' foods such as sliced cheese (much more expensive) which make the difference between accessing food or not i.e if you cannot slice cheese yourself. Also ready made meals which have GST on them but are idea for people with disability to prepare.
 - Appropriate and efficient clothing to enable self dressing/toileting.
8. Increase the Mobility Allowance for those who are working and needing to travel each working day or as part of their regular work duties, to the same amount as those who are on Newstart and looking for work. The costs remain the same to those that are in the workforce.
9. **Medicare Plus** A new Medicare Card that will entitle people with disabilities to meet their extraordinary costs of living because of an illness or disability. The authorisation for it's use should vary according to the needs of the individual person, and should be reliant on a doctor (of the person's choice) to define and approve the use of Medicare Plus with the person. (A new PBS item number for 'Case' Planning could be used)

The advantage of this model is that it places the person at the centre. They will have more control over their lives than they do today. Some of the major barriers of disability can be permanently removed and allowing people with disability for the first time to consider themselves to be genuinely on par with everyone else.

Some of the inclusions for Medicare Plus should be:

- No fees for gaps in charges between the bulk bill fee and the doctors / specialists fees
- No prescription fees (an account is set up at a pharmacist nominated by the person)
- Items currently not on the Pharmaceutical Benefits Scheme can be included such as intravenous foods, vitamins and minerals and dressings etc.
- Dental treatment
- Authority to use free transport services such as taxis or public transport (depending on availability of accessible systems or /and the ability of the person) or to access a cash amount to supplement the use of a private vehicle and a driver.
- Nationalise Aids and Equipment programmes and have the equipment 100% funded. By nationalising the scheme, it provides equity of

service across the country. It will be expanded to properly cater for individual needs. For example:

- hearing aids and batteries will be funded and supplied,
 - continence aids schemes will become one scheme
 - custom-made mobility aids and communication aids will be fully funded.
 - Repairs, maintenance and modifications will be fully funded.
 - People will choose their therapists (who now can bulk bill through their new provider numbers) and suppliers and take responsibility to ensure the equipment is safe and well maintained.
- Home modifications approved and funded and the existing rules changed to allow modifications when they are needed (such as moving to a new home which requires bathroom, kitchen and entry modifications to name some.) This is often the difference between living in your own home, or an institution.

10. Personal support and home based services – this proposal seeks to abolish the carers payment and carer pension and link actual support needs costs to the individual person. Therefore, the person who needs services and supports can choose **who** should do this.

The person will nominate a service provider, or a broker or a family member but the decision would need to be registered with Centrelink and the broker or service provider.

11. Part Living Allowance. Some people will be unable to work, or are unlikely to earn a living wage because of their disability. This new and flexible system recognises that a person who is unable to work, has an adequate income. This can also be used as 'make up pay' for people who are working on subsistence wages at business services etc.

Explanations

- PDCA concurs with AFDO in recommending that all pensions and allowances be abolished and a more equitable system be put in place to raise the life and living expectations of people with disability in Australia.
- The new system should be tailored to the needs of the individual and considered to be an entitlement not a bestowed 'pension.'
- The system should be simple and involve working with the person in partnership to promote their fullest inclusion in Australian society.
- The items above should not be cash payments but an agreement with the Federal Government guaranteeing to deliver and pay for things that people need. The delivery systems can use existing services and if necessary brokers to ensure that abuse does not happen.
- This new system recognises that some people need immediate extra assistance because of the costs of their lives, and that some costs are not permanent but

'temporary or episodic'. This system will also recognise that costs for some people will be higher than for others, and be dependent on their level of disability.

For further information, contact Sue Egan, Executive Officer of Physical Disability Australia Ltd on 02 6567 1500 or pdca@pdca.org.au.

Sue Egan
Executive Officer
27th September, 2008.