



Australian Government
Department of Social Services

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Secretary

Ref: EC18-000863

Ms Jeanette Radcliffe
Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Ms Radcliffe

INQUIRY INTO SUPPORT FOR AUSTRALIA'S THALIDOMIDE SURVIVORS

Thank you for the opportunity to make a submission to the Senate Standing Committee on Community Affairs regarding support for Australia's thalidomide survivors, referred for inquiry on 21 August 2018. I am pleased to support the Committee's deliberations through providing the following information.

There are two primary forms of Commonwealth Government support for thalidomide survivors with disability – income support in the form of payments and allowances, and non-income support such as employment support services and disability supports such as aids and equipment, personal care and home modifications.

Income and assets test

An exemption from the social security income test was provided for annuity payments received by thalidomide survivors from the Thalidomide Australia Fixed Trust that commenced from July 2010. A social security income test exemption was also provided for the receipt of one-off lump sum payments made pursuant to the settlement of a class action for thalidomide survivors that was approved by the Victorian Supreme Court in February 2014. The exemptions mean the annuity payments, and the initial receipt of the one-off lump sum payment, are not assessed as income for social security income support purposes.

The scope of the income test exemptions does not mean any ongoing income generated by these payments is exempt from the social security income test, or that any asset produced is exempt from the social security assets test. Once a payment is received and is invested or used to purchase goods or services, the usual income and assets rules will apply.

The Commonwealth also provided thalidomide survivors an income tax exemption for annuity payments from the Thalidomide Australia Fixed Trust. The taxation treatment of the payments has a consequential impact on family payments, such as Family Tax Benefit, as these payments are generally based on taxable income. This exemption means that these thalidomide survivors will have no impact on their Family Tax Benefit payments as a result of receiving these annuity payments.

Newstart Allowance

Newstart Allowance is the primary tax-payer funded income support payment for unemployed people of workforce age while they look for work. Job seekers with barriers to finding employment, such as a medical condition or physical impairment, are assessed by the Department of Human Services (DHS) to identify these barriers and to determine their work capacity and any interventions that may improve their current work capacity. A person has a partial capacity to work if both their baseline work capacity and work capacity within two years with intervention are less than 30 hours per week.

Newstart Allowance recipients are required to demonstrate that they are actively looking for work, or undertaking activities to improve their work prospects. These long standing arrangements are called mutual obligation requirements. Mutual obligation requirements are based on the person's future assessed capacity with intervention, and included in the person's Job Plan. The Job Plan outlines job search and other activity requirements that will satisfy the person's mutual obligations and help them gain suitable paid employment.

A person with an assessed capacity between 15 and 29 hours can meet their mutual obligations by doing work or study or a combination of these activities for at least 15 hours per week. A person with an assessed capacity to work 0-7 or 8-14 hours a week can meet their mutual obligations by attending a quarterly interview with DHS to discuss their participation and meeting the terms of their Job Plan.

Disability Support Pension

The Disability Support Pension (DSP) is an income support payment to individuals with permanent physical, intellectual and/or psychiatric impairments that prevent them from engaging in employment. To be eligible for DSP, a person must have a permanent physical, intellectual or psychiatric impairment assessed at 20 points or more under the Tables for the assessment of work-related impairment for Disability Support Pension ('the Impairment Tables'). The person must also be unable to participate in 15 or more hours of work per week at or above the relevant minimum wage, or be unable to be re-skilled for any work for at least the next two years.

Carer Payment and Carer Allowance

The Commonwealth also supports carers of people with disability or severe medical conditions, including thalidomide survivors. Carer Payment and Carer Allowance are fortnightly payments to people who provide care in a private home. Carer Payment is income and assets-tested and paid at the same rate as other social security pensions to people who, because of the demands of their caring role, are unable to support themselves through substantial paid employment. Carer Allowance is an income supplement for carers who provide daily care and attention to a person who needs significant additional care. Carer Allowance is subject to a \$250,000 income test from 20 September 2018 and may be paid in addition to an income support payment, such as Carer Payment.

Commonwealth Rent Assistance

The Commonwealth provides around \$4.5 billion annually through Commonwealth Rent Assistance (CRA) to more than 1.3 million Australians to help meet their rental costs. CRA is a non-taxable income supplement payable with income support payments (including the Disability Support Pension), Family Tax Benefit Part A, and veterans' service pensions or income support supplements, to eligible Australian individuals and families renting in the private rental market and community housing.

In order to receive CRA, a person must pay or be liable to pay eligible rent above a minimum level, called the rent threshold. CRA is then calculated at 75 cents for each dollar above the rent threshold up to a maximum rate. The amount of CRA people are eligible for is also dependent on their family situation (single, couple, number of children, if any, and for single people whether they are sharing accommodation).

National Disability Insurance Scheme

The National Disability Insurance Scheme (NDIS) aims to ensure that people with disability receive supports based on their needs and they have choice and control over that support. The NDIS provides funding for long-term, individualised care and support that is reasonable and necessary to meet the needs of people with permanent disability.

Access to the NDIS is not determined by diagnosis or cause. To become an NDIS participant, a person needs to meet the age, residency and disability or early intervention requirements as outlined in the *National Disability Insurance Scheme Act 2013* (NDIS Act). People affected by thalidomide do not automatically qualify for the NDIS; however, if their impairment or impairments significantly affect their communication, mobility, self-care or self-management, as well as their capacity for social or economic participation, it is likely they will meet the disability requirements to access the scheme.

It should be noted the NDIS will only fund supports that are most appropriately funded under the NDIS and not more appropriately funded or provided through other general systems of services delivery or support services, such as the health system.

Disability Employment Services

Disability Employment Services (DES) is the Commonwealth's employment service for people whose primary barrier to employment is their disability, injury or health condition. DES helps eligible participants prepare and look for work in the open labour market, supports the participant and their employer as the participant establishes themselves into a placement, and delivers ongoing support for as long as the participant requires.

People affected by thalidomide would be eligible for assistance from a DES provider if they were able to work eight hours or more per week, after up to two years of development and support, in a job in the open labour market. The Department of Social Services (the Department) collects information about disability types, but does not record whether a physical disability is a result of thalidomide. DES support is based on a participant's needs rather than their disability type.

The Department welcomes the opportunity to provide additional assistance or information that is required by the Committee to support their deliberations.

Yours sincerely

Kathryn Campbell

21 September 2018