

## SUPPLEMENTARY INFORMATION ON INCOME SUPPORT FOR PEOPLE WITH DISABILITIES PRIOR TO 12 NOVEMBER 1991<sup>1</sup>

In Chapter 7 reference was made to aspects of income support prior to the introduction of changes effective from 12 November 1991. This Appendix provides greater detail on income support measures as they previously operated. Witnesses and submissions providing evidence to the Committee were generally referring to problems which had been experienced with the pre-November 1991 system, although reference was often made to the changes proposed in the 1990/91 Budget.

### 1. Invalid Pension (IP)

- 1.1 IP was paid to people who were aged 16 years or more<sup>2</sup> and who were under age pension age (males under 65 years and females under 60 years). No period of residence was required if the permanent incapacity or blindness occurred while the person was an Australian resident. For those people whose incapacity occurred outside Australia, 10 years residence was required to qualify for IP.
- 1.2 To qualify for payment the person had to be permanently incapacitated for work to the extent of not less than 85 per cent. At least 50 per cent of an applicant's incapacity had to be caused directly by a physical or mental impairment. Non-medical factors (for example, barriers to learning new work skills) could be taken into account in determining a person's permanent incapacity for work.
- 1.3 IP paid to people under age pension age was not subject to income tax; however, it was subject to the operation of the income and assets test. Pensioners whose earnings exceeded \$50 per week could be required to undergo a medical review of their eligibility for IP (the 'earnings trigger'). However, people who were permanently blind received the basic invalid pension free of the income and assets tests.
- 1.4 In July 1991 the maximum single rate of invalid pension was \$301.60 per fortnight. Wife's pension was payable to the wife of an invalid pensioner who did not receive another pension (or other source of income) in her own

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1. This appendix is based on the *Department of Social Security Information Handbook*, April 1991.

2. IP could be paid to people of age pension in some special circumstances.

right.<sup>3</sup> In July 1991 the maximum rate for a married pensioner was \$251.50 (each) per fortnight.

- 1.5 An Invalid Pensioner undertaking full-time study in an approved course could be eligible for a non-means tested taxable supplement from DEET under the *Student Assistance Act 1973*.

## 2. Sheltered Employment Allowance (SEA)

- 2.1 The purpose of SEA was to provide income support to people acquiring vocational skills in a sheltered workshop. SEA could be paid as an alternative to IP to people under age pension age who would otherwise have qualified for invalid pension and who worked in approved sheltered or supported employment services. It was paid at the same maximum rate as IP and was subject to the same income and assets tests. As with IP it was not subject to income tax.

- 2.2 Incentive allowance was paid to sheltered employment allowees at the same rate as and in lieu of rent assistance. Incentive allowance was paid free of the income and assets test and was non-taxable. It was not subject to the rent test – that is, allowees did not need to be private renters to qualify for the allowance.

## 3. Rehabilitation Allowance (RA)

- 3.1 RA provided income support to people who were participating in a rehabilitation program through DHH&CS and who would otherwise have been eligible for a Social Security pension, benefit or SEA. It was paid at the same rate as IP.

## 4. Other assistance

- 4.1 Rent Assistance was paid to those who paid rent, lodging or board of more than \$20 per week to private landlords. The maximum rate of rent assistance was \$62 per fortnight in July 1991 with additional payments for those with dependent children.
- 4.2 Mobility allowance was paid to people with disabilities who were gainfully employed or in vocational training for a minimum of 20 hours per week and who, because of their disability were unable to use public transport without substantial assistance. At 31 December 1990 the rate of mobility allowance was \$11 per week. Those who claimed a sales tax exemption for the purchase of a motor vehicle were barred from receiving mobility allowance for a period of two years. In June 1990 there were 13,207 recipients of mobility allowance.

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3. Alternatively carer's pension could be paid to a person providing 'constant care and attention' to a severely handicapped invalid pensioner.

- 4.3 Pensioners and sheltered employment allowees could also qualify for a range of other income support measures depending on their personal circumstances, such as Additional Pension for dependent children or Mother's/Guardian's Allowance which were paid to single pensioners with one or more dependent children or the Remote Area Allowance payable to pensioners living in Income Tax Zone A or Special Zone B.

TABLE 1: INVALID PENSIONERS BY AGE AND AGE AT DATE OF GRANT: AUSTRALIA, JUNE 1990

Age at date of grant	16-20	21-30	31-40	41-50	51-60	61-64	65+	Total %
16-20 <sup>(a)</sup>	10117	18797	12457	5962	2244	299	16	15.7
21-30		8397	12523	6390	2245	272	6	9.4
31-40			14182	22089	8837	743	7	14.5
41-50				28257	42973	6720	24	24.6
51-60					53513	42223	1546	30.7
61-64						12818	1954	4.7
65+							1102	0.3
Total	10117	27194	39162	62698	109812	63075	4655	316713
Total %	3.2	8.6	12.4	19.8	34.17	19.9	1.5	100.0

(a) Includes 36 pensioners (0.01%) whose age at date of grant is unknown.

Source: DSS March 1991

**TABLE 2: SHELTERED EMPLOYMENT ALLOWANCE: AGE BY EARNINGS: AUSTRALIA, JUNE 1990**

Amount of earnings (PW)	16-20	21-30	31-40	41-50	51-60	61-64	65+	Total	Total %
Less than \$10	274	899	552	261	85	10		2081	21.1
\$11-\$20	238	906	689	358	136	28	7	2362	24.0
\$21-\$30	224	895	657	330	139	38	6	2289	23.2
\$31-\$40	88	499	382	191	92	15	2	1269	12.9
\$41-\$50	90	317	262	120	63	10		862	8.8
\$51-\$60	13	125	127	46	29	7		347	3.5
\$61-\$70	7	71	68	27	15	5		193	2.0
\$71-\$80	7	38	42	30	18	2		137	1.4
\$81-\$90	2	25	28	16	7	1		79	0.8
\$91-\$100	1	13	19	5	4		1	43	0.4
\$101-\$110	1	12	5	1	3	1		23	0.2
\$111-\$120		5	5	4	8			22	0.2
\$121-\$130	1	6	4	3		2		16	0.2
\$131-\$140		3	9	1	4	1		18	0.2
\$141-\$150		2	5	5	2	3		17	0.2

TABLE 2: SHELTERED EMPLOYMENT ALLOWANCE: AGE BY EARNINGS: AUSTRALIA, JUNE 1990  
(Continued)

Amount of earnings (PW)	16-20	21-30	31-40	41-50	51-60	61-64	65+	Total	Total %
\$151-\$160		6	6	9	2	1		24	0.2
\$161-\$170		6	4	3	3	28		16	0.2
\$171-\$180		2	1		3	1		7	0.1
\$181-\$190					1	1		2	0.0
\$191-200		1	1	1	1	1		5	0.1
\$200-\$300	1	10	8	3	1			23	0.2
\$300+		3	2	2	4			11	0.1
Total	947	3844	2876	1416	620	127	16	9846	100.0

Source: DSS March 1991

**TABLE 3: INVALID PENSIONERS BY STATE BY IMPAIRMENT BY AGE, AUSTRALIA, JUNE 1990**

Impairment Rating	Age of Pensioner							Total	Total %
	16-20	21-30	31-40	41-50	51-60	61-64	65+		
Not coded	548	1679	2427	3244	4027	1775	210	13910	4.4
00-09	91	274	410	626	910	442	34	2787	0.9
10-19	80	106	307	852	1682	1130	30	4187	1.3
20-29	163	404	1017	2349	3903	2310	69	10215	3.2
30-39	4789	21416	30618	48069	86137	49618	3987	244634	77.2
40-49	1058	1608	2060	3395	5452	3393	106	17072	5.4
50-59	983	505	862	1827	3431	2047	87	9742	3.1
60-69	459	327	467	838	1686	1022	36	4835	1.5
70-79	362	161	206	415	884	482	21	2531	0.8
80-89	917	471	548	775	1215	609	58	4593	1.5
90-99	655	243	240	308	485	248	29	2208	0.7
<b>Total</b>	<b>10105</b>	<b>27194</b>	<b>39162</b>	<b>62698</b>	<b>109812</b>	<b>63076</b>	<b>4667</b>	<b>316714</b>	<b>100.0</b>

Source: DSS March 1991

**TABLE 4: EARNINGS OF SHELTERED EMPLOYMENT ALLOWEES BY STATE:  
AUSTRALIA, JUNE 1990**

Amount of Earnings (PW)	NSW/ACT	VIC	QLD	SA	WA	TAS	Total
Less than \$10	934	146	827	109	9	56	2081
\$11-\$20	955	600	378	270	34	125	2362
\$21-\$30	653	818	221	328	104	165	2289
\$31-\$40	474	269	175	142	146	63	1269
\$41-\$50	240	115	68	58	339	42	862
\$51-\$60	134	43	39	18	101	12	347
\$61-\$70	101	29	28	4	25	6	193
\$71-\$80	79	19	10	12	12	5	137
\$81-\$90	48	6	12	5	4	4	79
\$91-\$100	21	9	2	6	4	1	43
\$101-\$110	8	7	3		5		23
\$111-\$120	9	5	1	1	6		22
\$121-\$130	4	5	2		4	1	16
\$131-\$140	4	12	1			1	18
\$141-\$150	3	10	2	2			17
\$151-\$160	5	16	2	1			24
\$161-\$170	8	5		3			16
\$171-\$180		5		2			7
\$181-\$190		1		1			2
\$191-\$200	1	2	1	1			5
\$201-\$300	10	4	3	5		1	23
\$301+	6	2	3				11
<b>Total</b>	<b>3697</b>	<b>2128</b>	<b>1778</b>	<b>968</b>	<b>793</b>	<b>482</b>	<b>9846</b>



**TABLE 5: EARNINGS OF SHELTERED EMPLOYMENT ALLOWEES BY STATE  
(PERCENTAGE DISTRIBUTION): AUSTRALIA, JUNE 1990**

Amount of Earnings (PW)	NSW/ ACT	VIC	QLD	SA	WA	TAS	Total
Less than \$10	25.3	6.9	46.5	11.3	1.1	11.6	21.1
\$11-\$20	25.8	28.2	21.3	27.9	4.3	25.9	24.0
\$21-\$30	17.7	38.4	18.1	33.9	13.1	34.2	23.2
\$31-\$40	12.8	12.6	9.8	14.7	18.4	13.1	12.9
\$41-\$50	6.5	5.4	3.8	6.0	42.7	8.7	8.8
\$51-\$60	3.6	2.0	2.2	1.9	12.7	2.5	3.5
\$61-\$70	2.7	1.4	1.6	0.4	3.2	1.2	2.0
\$71-\$80	2.1	0.9	0.6	1.2	1.5	1.0	1.4
\$81-\$90	1.3	0.3	0.7	0.5	0.5	0.8	0.8
\$91-\$100	0.6	0.4	0.1	0.6	0.5	0.2	0.4
\$101-\$110	0.2	0.3	0.1		0.6		0.2
\$111-\$120	0.2	0.2	0.1	0.1	0.8		0.2
\$121-\$130	0.1	0.2	0.1		0.5	0.2	0.2
\$131-\$140	0.1	0.6	0.1			0.2	0.2
\$141-\$150	0.08	0.5	0.1	0.2			0.2
\$151-\$160	0.1	0.8	0.1	0.1			0.2
\$161-\$170	0.2	0.2		0.3			0.2
\$171-\$180		0.2		0.2			0.1
\$181-\$190		0.05		0.1			0.02
\$191-\$200	0.02	0.09	0.1	0.1			0.05
\$201-\$300	0.3	0.2	0.2	0.5		0.2	0.2
\$301+	0.2	0.09	0.2				0.1
<b>Total</b>	<b>3697</b>	<b>2128</b>	<b>1778</b>	<b>968</b>	<b>793</b>	<b>482</b>	<b>9846</b>