



The Secretary,
Senate Community Affairs Committee,
PO Box 6100,
Parliament House,
Canberra
ACT...2600

2nd June 2008

As a parent with two Intellectually Handicapped sons I have chosen to work through the Question and Answer Paper released by The Department of Family, Community Services and Indigenous Affairs on the 5th July 2006. My overall feelings are summarized below followed by my detailed comments on the above mentioned paper.

Summary:-

- I feel that the Special Disability Trust is too complicated for the average person to wade through all the compliance issues.
- People who can afford to help their family in such a way are already “topping up” the services their family member with a disability needs. The high cost of having a child/children with disability prevents the average families from accruing enough funds to put in a “dead” investment where the returns must be spent in the financial year in which they are earned or be taxed at an extortionate rate. (This is my understanding although as I said it is very complicated to work through the ramifications.)
- The All Needs Protective Trust is a much fairer trust but doesn't receive the same concessions and therefore makes it less affordable although it is a better concept as people with disabilities and their needs vary so much from person to person and year to year.

As a mother with two sons with disabilities I have searched long and hard to secure their future needs. Fortunately our family is in a position to do this but others are not as well provided for.

Reactions to selected questions in the FaCSIA Paper released on 5/7/06

Question 2 What are the main characteristics of a special disability trust?

The second dot point here states that there must be only one principal beneficiary.

This presents a problem where there is more than one child with a disability and the family cannot afford to set up multiple trusts.

The fourth dot point of the same reply states that the trust can only provide for the accommodation and care needs of the principal beneficiary.

This is too restrictive and should allow for roll over of the income to cater for changing needs from year to year. I.e. Greater medical expenses or need for more hours of care.

Question 14 and 15 deal with assets such as the family home.

The answer does not cover the circumstance of parents buying a house for their son or daughter and having to pay land tax as this is a second home in which the owner is not living but is not receiving rent either.

Question 18 and 20. What can the special disability trust's income and capital be used for?

Reasonable costs incurred by or on behalf of the person with severe disability etc.

As stated before this is too restrictive because the cost cannot be recouped by family if their son or daughter is still living at home and I have already alluded to the extra cost a family must bear in order to provide care for their children with disabilities.

Question 7 Who is eligible to receive the means test concession under the gifting rules?

Not too many people able to set up such a trust would be on a pension to be means tested or given concessions.

These are my impressions of the reasons that not many people have been able to avail themselves of the disability trusts.

*-Yours faithfully
Louise Walker*