



Australian Federation of Disability Organisations

# Australian Government Tax Summit

## Submission

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## **Who is AFDO**

The Australian Federation of Disability Organisations (AFDO) has been established as a primary national voice to Government that fully represents the interests of all people with disability across Australia. The mission of AFDO is to champion the rights of people with disability in Australia and help them participate fully in Australian life.

This submission is the response from AFDO to the request for submissions leading up to the Tax Summit on October 4 and 5, 2011 and seeks to outline some of the key issues that need to be taken into account in terms of how tax reforms may impact on people with disabilities.

## **What are our priorities for tax reform?**

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### **1. Giving proper recognition of the real cost of living with a disability in taxation and transfers policies**

That the real costs of living with a disability should be recognised in both income security arrangements (DSP) as well as for those who are moved to Newstart. This means that there should not be a reduction in payments for people with disabilities who are expected to find paid work. The additional costs of disability are incurred in the process of getting work, getting to work and keeping a job as well as sustaining a lifestyle that addresses normal social, health and home duties that are essential to active participation. Even when in paid work, the cost of disability is still an ongoing consideration for many people with disabilities and needs to be factored into taxation policy and allowable tax concession arrangements.

### **2. Effective mechanisms in taxation to ensure balanced redistribution of resources to those in greatest need.**

That the Australian taxation system is designed to construct a fairer progressive taxation regime that:

- a. Creates equity in the tax system by eliminating tax shelters at the high end of the income scale and ensuring consistency within taxation on different types of income (as opposed to consumption based taxation);
- b. Maintains a distinction between taxation and income support to ensure the clear role of income support as a safety net, except in specific areas where it is beneficial, such Family Tax Benefits;
- c. Provides clear accountability for government spending to taxpayers through accessible information;
- d. Ensures that any flattening of the tax system is done over a broader base to avoid inequity.

### **3. Removal of any financial disincentives for people with disabilities moving from DSP to paid work.**

Current arrangements in this area are complex, confusing and a very real disincentive for progressive moves from depending on DSP as the sole means of income security to increasing number of hours of paid work as personal capacity and properly supported job opportunities allow. More incentive based reforms to encourage people with disabilities to take up employment are needed and less unsophisticated and punitive approaches to address the fact that Australians with disabilities experience a much

higher rate of unemployment than non-disabled Australians when compared with other OECD nations. Specifically –

- a. Access to health card and benefits needs to be maintained for at least two years after a person finds paid employment, regardless of their payment type (NewStart or DSP).
- b. Part-time and flexible work arrangements need to be promoted to ensure realistic and sustainable jobs for people with disabilities who need greater work place supports.
- c. Ensure that there are genuine income incentives to move from DSP to paid work and recognition that varying health conditions, flexibility in hours of work, etc need to be factored into transitional arrangements.
- d. Speedy reinstatement of DSP if and when employment is discontinued for any reason.

**4. Significant structural change and adaption in workplaces to ensure that all people with disabilities of working age are supported to have opportunities for employment in the open workforce that is sustainable and appropriately supported.**

- a. That the Public Sector takes leadership in making workplaces accessible and jobs for people with disabilities sustainable by reversing the long term decline in rates of employment of people with disabilities in this sector. (Public Sector Employment of people with disabilities has declined from 5.6% to 3.1% over the last 10 years).
- b. Widened access to adaptive technologies and equipment that compensate for a person's impairment through accessible purchasing policies and specialist equipment programs.
- c. A significant review of the current models of disability employment support is needed to address the poor performance of the existing models of job search, placement and support. The current outcome rate of 16% for disability employment support providers is appalling and must be addressed. The tendency for the system to pressure the individual and blame them for their circumstances has the effect of damaging self-confidence increasing risk of mental health issues that become self-defeating in the process of seeking employment. The current model also creates a strong incentive for "creaming" the most employable and abandoning those who support needs are seen as challenging or difficult to meet. We need to address the employment needs and aspirations of ALL people with disabilities of working age.

**5. Improve access to public transport infrastructure that enables people with disabilities to access more job options.**

That taxation policy takes into account, that due to the lack of a fully accessible public transport system, people with disabilities who have mobility impairments can be left with significantly reduced choice of employment opportunities and be forced to use much more costly taxis to get to and from work. These cost can significantly exceed the current mobility allowance and can be a major disincentive to take up paid work.

**6. End discriminatory policy of preventing migrants from having accessing to DSP for a period of 10 years from arrival.**

In Australia all migrants (except for those immigrating on humanitarian grounds) have to wait two years before they can access income support. However migrants with disability, including their carers, have to wait for the “10 years qualifying Australian residence” specified by the Social Security Act 1991 (s94) in order to access the Disability Support Pension (DSP).

- a. That the current Australian migration health test is at odds with the equal protection obligation under Article 5 of UN CRPD, leading to unjustifiable indirect discrimination for some refugees and migrants with disability.
- b. That the ten year waiting period for the Disability Support Pension under the Social Security Act 1991 (Cth) interferes with human rights under Articles 28, 25 and 15, relating to standard of living and social protection, health and inhuman or degrading treatment.

**7. Access to secure, accessible and affordable housing.**

That tax reform sets out to increase access to a more equitable housing market. Access to affordable and accessible housing provides a critical foundation for people with disabilities along with many others who require housing support. Future taxation arrangements need to provide leverage for increasing availability, accessibility and affordability of housing for people with disabilities. Current tax concessions have encouraged over-investment in housing leading to higher housing costs for low and middle income earners and have largely benefitted high income earners and increased costs for renters and home buyers.

Australia’s population is increasingly ageing, which brings an associated rise in the levels of physical and sensory disabilities. For older Australians to remain in their homes – and for the prospect of social inclusion for all to become real – the building industry needs to be given incentives to develop new housing stock to universal design standards.