

30 April 2009

AFTS Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sirs/Mesdames

Tax submission affecting people with disabilities

I make a submission regarding the current tax review by the Australia's Future Tax System Secretariat of the Federal Treasury. I set out below my submissions proposing amendments to the tax system to improve equity in relation to costs incurred due to medical disability.

Cost of paid carers

The income tax offset for medical expenses applies to the cost of paying a carer, but only if the person cared for is blind or permanently confined to bed or a wheelchair. Why (other than obviously to save money) is the cost of a carer only eligible in relation to those limited disabilities? Aside from being an inequitable distinction, a person with severe disabilities needs much more care than a person who is blind. Accordingly, those in greater need get less government support under these current rules.

Most states in Australia administer a Companion Card issued to people who can satisfy medical testing to demonstrate they have a severe disability and permanently require a companion carer. Obviously, this test can only be satisfied by a very small number of people who are the most needy in our community.

I submit that the items qualifying for the medical expenses tax offset should be broadened to include care for all people with a Companion Card (Submission 1).

The cost of permanent care is a huge burden on people with disability and their families. This proposed amendment would refund tax payable equal to 20% of the cost of paid carers above the threshold, leaving individuals with more than 80% of this cost. The submitted amendment would improve the equity of the tax system and reduce the human tragedy that exists for disabled people and their families in our rich country.

Cost of disability-related services

People with disabilities face hidden extra costs in every facet of life as a result of their disability, for example disability service fees, expensive dietary requirements and specialised clothing. This is not reflected in welfare payments to carers, nor are many of these costs eligible for Medicare support, private health insurance cover, child care tax rebate, Child Care Benefit or the medical expenses tax offset.

One large cost for people with disabilities is the cost of disability service fees, which include the following examples:

1. the cost of a special education school such as the Autism Spectrum Australia South East Sydney School (a school only for children with autism that is run by the peak industry body Autism Spectrum Australia and charges annual fees of approximately \$2,600);
2. respite service fees – one charitable organisation I use charges people with disability \$10 for 2.5 hours of after-school respite care one afternoon per week during school terms (total cost to user \$400pa). Another charity charges me a flat fee of \$150 per annum to participate in their respite program; and
3. the cost of disability support groups and information workshops – many people with disabilities attend workshops or support groups to gain assistance in understanding and managing their disability.

I submit that the items qualifying for the medical expenses tax offset should be broadened to include service fees incurred due to a person's disability including fees for respite care for all people with a Companion Card and school fees paid to a special education school for children with disabilities (Submission 2).

This amendment proposed by Submission 2 would refund 20% of the cost of disability service fees above the annual \$1,500 threshold, leaving individuals with more than 80% of this cost. This submitted amendment would improve the equity of the tax system and support those with special needs due to disability.

Cost of respite acting as childcare and after-school care substitutes

Some children with disabilities cannot attend mainstream childcare or after-school care due to the severity of their disability. Instead they can attend respite care provided by charities, for which users must pay a fee. However these respite care fees do not qualify for the Child Care Benefit nor the Child Care Tax Rebate that exists for able-bodied children because it is not 'approved care' as defined. This is inequitable and provides less support for people with greater need.

I submit that the definition of 'approved care' for the purposes of the Child Care Benefit and Child Care Tax Rebate should be broadened to cover respite care for children with disabilities (Submission 3).

The amendment proposed by Submission 3 would refund 50% of the cost of respite care up to the maximum amount allowed by the Child Care Tax Rebate and would pay the set rate to eligible recipients under the Child Care Benefit. This submitted amendment would improve the equity of the tax system and support those with special needs due to disability.

Yours sincerely

Dianne Thian