



10 March 2023

**RE: Select Committee on the Cost of Living**

Dear Committee Secretariat,

Inclusion Australia is the national Disability Representative Organisation representing the rights and interests of Australians with an intellectual disability and their families. Founded in 1954, our mission is to work to make sure people with an intellectual disability have the same opportunities as people without disability. We have state members in New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia.

Since September 2021 we have had a Northern Territory team based in Darwin. Our work in the Northern Territory is informed by a Local Steering Group that includes representatives from advocacy and other territory-based organisations.

We thank the Select Committee on Cost of Living for the opportunity to contribute the experiences of cost of living pressures facing Australians with an intellectual disability and their families, and raise some key issues that we believe should be a focus for the Inquiry.

This letter has been co-designed with Inclusion Australia's policy officers with an intellectual disability and includes evidence provided by recent consultation with Inclusion Australia's NT team.

We hope it will assist the Select Committee in ensuring the experiences of people with an intellectual disability are considered during the inquiry process and included in the Final Report.

**A note on accessibility**

When published, we ask that the Final Report be made available in Easy Read. This will ensure that our community can access the Final Report and engage with its findings. We thank the Select Committee in advance for this.

**Recommendations**

It is crucial the Select Committee on the Cost of Living prioritise the experiences of cost of living among people with an intellectual disability. This will help to ensure that any resultant reforms are targeted towards easing cost of living pressures that fall disproportionately on Australians with an intellectual disability, which is compounded by the significant issues associated with government support systems such as the Disability Support Pension (DSP).

Corresponding to points A. and D. of the Terms of Reference, we recommend the Inquiry investigate:

- 1. How recent rises in cost of living impact people with an intellectual disability, given the vulnerability of this group specifically to economic disadvantage and poverty.**

- While there is evidence that living with disability is associated with a higher cost of living and increased financial hardship, there is a lack of deep analysis on how these additional costs have been impacted by recent, rapidly rising costs. The Inquiry should investigate this closely to ensure any future government intervention or service reform considers how cost of living pressures fall disparately on people with an intellectual disability.

## 2. How changes to the DSP—such as those recommended by Inclusion Australia<sup>1</sup>—might ease the cost of living for people with an intellectual disability.

- The Inquiry should also consider how changes to the DSP would increase opportunities for people with an intellectual disability to find and sustain employment in the mainstream workforce, thereby easing cost of living pressures by being able to earn a proper wage and not be forced to rely solely on government support.

## Discussion

The discussion below includes important context we believe the Inquiry should consider, and which forms the background to our Recommendations above.

### Cost of living pressures for people with an intellectual disability

It is well evidenced that Australians with disability face higher cost of living pressures than people without disability and are more likely to have a lower level of personal income.<sup>2</sup> People with disability also experience higher rates of poverty than those without disability.<sup>3</sup> Unfortunately, this is a global trend.<sup>4</sup>

The National Centre for Social and Economic Modelling (NATSEM) has estimated the extra costs of living for households with a member with disability compared with households with similar characteristics but with no member with disability.<sup>5</sup> They found that:

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<sup>1</sup> Inclusion Australia. (2021). *What Works: Making Disability Employment Services (DES) work for people with an intellectual disability*. [https://www.inclusionaustralia.org.au/wp-content/uploads/2022/02/Our-Submissions\\_2022\\_02\\_What-Works-Final-Report-2021.pdf](https://www.inclusionaustralia.org.au/wp-content/uploads/2022/02/Our-Submissions_2022_02_What-Works-Final-Report-2021.pdf)

Inclusion Australia. (2022). *DES Reform Submission*. [https://www.inclusionaustralia.org.au/wp-content/uploads/2022/03/Our-Submissions\\_2022\\_02\\_Submission-on-Disability-Employment-System-Reform.pdf](https://www.inclusionaustralia.org.au/wp-content/uploads/2022/03/Our-Submissions_2022_02_Submission-on-Disability-Employment-System-Reform.pdf)

<sup>2</sup> Australian Institute of Health and Welfare. (2022). *People with disability in Australia*. Retrieved from <https://www.aihw.gov.au/reports/disability/people-with-disability-in-australia>

<sup>3</sup> According to a report published by UNSW and the Australian Council of Social Service, 1 in 6 people with disability were living in poverty, compared with just 1 in 10 Australians without disability. See: Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2018), [Poverty in Australia 2018](#). ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS.

<sup>4</sup> World Health Organization, & World Bank. (2011). *World report on disability*. World Health Organization: Geneva, Switzerland

<sup>5</sup> Li, J., Brown, L., La. H.N., Miranti, R., and Vidyattama, Y. (2019). *Inequalities in Standards of Living: Evidence for Improved Income Support for People with Disability*. NATSEM, Institute for Governance and Policy Analysis, University of Canberra. Report commissioned by the Australia Federation of Disability Organisations. September 2019.

- Households with an adult with profound or severe disability need an extra \$173 per week on average over and above their 2015-16 net income, and
- Households with an adult with mild or moderate disability need an extra \$87 per week on average.

With the increase in cost of living over recent years, we can presume that the costs to households have also increased.

In 2021, the Centre for Research Excellence in Disability and Health reported on the intersection of disability and socioeconomic hardship. That research showed that 34% of people with disability (1,154,917 people) report living in financial hardship compared to 14% of people without disability.

The same report also showed that financial hardship is associated with a two-fold increase in the experience of violence (regardless of disability status). This means that people with disability who report living in financial hardship are three times as likely to experience violence than people without disability who report no financial hardship.

### **Income for people with an intellectual disability**

In 2022, the Australian Institute of Health and Welfare (AIHW) reported that while people with disability are as likely as people without disability to have an income, that income is far more likely to come primarily from a government payment than from salary or wages.<sup>6</sup>

Among people with disability, people with an intellectual disability are among the least likely to receive an income from a wage or salary through employment: 72% of people with an intellectual disability's main source of income comes from a government pension or allowance.

The reasons for this are multifactorial, but chief among them is that people with an intellectual disability are systematically shut out from obtaining and sustaining equitable employment, and as such are forced to rely on government payments to support their livelihoods. Inclusion Australia has consulted and reported widely on this issue, and would recommend the below submissions for more detail and to view our recommendations:

- What Works: Making Disability Employment Services (DES) work for people with an intellectual disability, December 2021.<sup>7</sup>
- DES Reform Submission, February 2022.<sup>8</sup>

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<sup>6</sup> 43% or 780,000 people with disability aged 15-64 receive an income that comes primarily from government support rather than from salary or wages, compared with 7.9% or 999,000 people without disability. See: Australian Institute of Health and Welfare. (2022). *People with disability in Australia*. Retrieved from <https://www.aihw.gov.au/reports/disability/people-with-disability-in-australia>

<sup>7</sup> Inclusion Australia. (2021). *What Works: Making Disability Employment Services (DES) work for people with an intellectual disability*. [https://www.inclusionaustralia.org.au/wp-content/uploads/2022/02/Our-Submissions\\_2022\\_02\\_What-Works-Final-Report-2021.pdf](https://www.inclusionaustralia.org.au/wp-content/uploads/2022/02/Our-Submissions_2022_02_What-Works-Final-Report-2021.pdf)

<sup>8</sup> Inclusion Australia. (2022). *DES Reform Submission*. [https://www.inclusionaustralia.org.au/wp-content/uploads/2022/03/Our-Submissions\\_2022\\_02\\_Submission-on-Disability-Employment-System-Reform.pdf](https://www.inclusionaustralia.org.au/wp-content/uploads/2022/03/Our-Submissions_2022_02_Submission-on-Disability-Employment-System-Reform.pdf)

## Disability Support Pension (DSP)

The most common government payment for people with an intellectual disability is the DSP.<sup>9</sup> The AIHW reports that 71% of people with an intellectual disability receive the DSP. Many people with an intellectual disability rely on the DSP for their whole adult lives.

The DSP is an important income support payment for many people with an intellectual disability, but there are several issues with the DSP system that negatively impact on the lives of people with an intellectual disability and their families. These issues contribute significantly to cost of living pressures.

People with an intellectual disability report that the DSP doesn't cover the basics, such as a place to live and food on the table, let alone the additional expenses related to living with disability. In addition, any wages that people with an intellectual disability earn from employment can impact on the amount they receive from the DSP.<sup>10</sup>

This means that people with an intellectual disability live close to the poverty line. The latest Henderson's measure<sup>11</sup> shows that the poverty line is \$414.98 per week (excluding housing costs) for a single person. The DSP is \$468 per week.

For people with an intellectual disability—a lifelong, permanent condition—eligibility requirements to get the DSP are unnecessarily repetitive, difficult and costly. The DSP is complex, inaccessible and emotionally stressful to navigate for people with an intellectual disability, and most depend on families or other supports to help them. Time and again, families tell us they are overburdened with the significant administrative workload these systems cause.

In its current form, the DSP discriminates against and disadvantages people who are unable to navigate the system and presents a major disincentive to finding employment for fear of losing the DSP.

In 2021, the Senate Community Affairs Committee held an inquiry into the DSP. The Final Report was issued in February 2022 and made the following recommendations:

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<sup>9</sup> The DSP provides an income for single people with disability of \$936.80 per fortnight, with an additional pension supplement (\$75.60) and energy supplement (\$14.10) per fortnight. Department of Social Services (February 2023). *Social Security Guide*. Version 1.303. Retrieved from [www.guides.dss.gov.au/social-security-guide/3/6/2/50](http://www.guides.dss.gov.au/social-security-guide/3/6/2/50)

<sup>10</sup> When people with an intellectual disability who receive the DSP earn an income, the amount of DSP they receive changes. For income over the \$190 per fortnight threshold, the DSP is reduced by 50c for each dollar earned, known as the taper rate. If a person who receives the DSP earns over \$2,243.00 per fortnight, they will receive no DSP income for that fortnight. Both the threshold and the taper rate act as a significant disincentive to work.

Services Australia (January 2023). *Income test for pensions*. Retrieved from: [www.servicesaustralia.gov.au/income-test-for-pensions?context=22276](http://www.servicesaustralia.gov.au/income-test-for-pensions?context=22276)

<sup>11</sup> Melbourne Institute for Applied Economic and Social Research (2022). *Poverty Lines: Australia*. Retrieved from: [Poverty-Lines-Australia-June-2022.pdf](http://Poverty-Lines-Australia-June-2022.pdf) ([unimelb.edu.au](http://unimelb.edu.au))

- The Australian Government considers reforming the income test for recipients of the DSP to better support individuals facing structural barriers to participating in the workforce, and to better recognise the fluctuating nature of a person’s ability to participate in paid employment due to their impairment.
- Raise the income thresholds at which the DSP payment is reduced, and lower the rate which it is reduced once this threshold is reached.

Such improvements to the DSP—as well as those Inclusion Australia have recommended elsewhere<sup>12</sup>—would help to relieve some of the effects of the increased cost of living and remove some of the barriers people with intellectual disability face when trying to access employment.

### **What people with an intellectual disability tell us about the rising cost of living**

Inclusion Australia has consulted widely with people with an intellectual disability and their families about their experiences with employment and income support.<sup>13</sup> More recently, people with an intellectual disability in Inclusion Australia’s Northern Territory team took part in consultation to discuss their experience of the rising cost of living. Some key themes included:

- Necessities like food have gone up in price and this has impacted our weekly budgets and ability to save money.
- Public transport is expensive, which can make it hard to get to work.
- There is less opportunity to go out with friends or join in social activities because other necessities are more expensive.
- It makes it easier when people in the community help each other out.
- People who work in the community (including retail stores, public transport, or government agencies) need better education about people with an intellectual disability so they can learn how to support them better and make services accessible.
- If you don’t have a good job or work enough hours, it impacts your ability to pay important bills like gas and electricity.
- If you work in a non-mainstream job, like an Australian Disability Enterprise (ADE), the wages are too low to afford basic things.

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<sup>12</sup> Inclusion Australia. (2022). *DES Reform Submission*. [https://www.inclusionaustralia.org.au/wp-content/uploads/2022/03/Our-Submissions\\_2022\\_02\\_Submission-on-Disability-Employment-System-Reform.pdf](https://www.inclusionaustralia.org.au/wp-content/uploads/2022/03/Our-Submissions_2022_02_Submission-on-Disability-Employment-System-Reform.pdf)

<sup>13</sup> See the following for detailed consultation:

Inclusion Australia. (2022). *DES Reform Submission*. [https://www.inclusionaustralia.org.au/wp-content/uploads/2022/03/Our-Submissions\\_2022\\_02\\_Submission-on-Disability-Employment-System-Reform.pdf](https://www.inclusionaustralia.org.au/wp-content/uploads/2022/03/Our-Submissions_2022_02_Submission-on-Disability-Employment-System-Reform.pdf)

Inclusion Australia. (2021). *What Works: Making Disability Employment Services (DES) work for people with an intellectual disability*. [https://www.inclusionaustralia.org.au/wp-content/uploads/2022/02/Our-Submissions\\_2022\\_02\\_What-Works-Final-Report-2021.pdf](https://www.inclusionaustralia.org.au/wp-content/uploads/2022/02/Our-Submissions_2022_02_What-Works-Final-Report-2021.pdf)

- The government should support people who are on government pensions by making it easier to get a good job.

Their stories demonstrated the ways in which rising costs of living are compounded by existing inequities in accessing government support or employment opportunities. The effects can be far-reaching and are both social and economic.

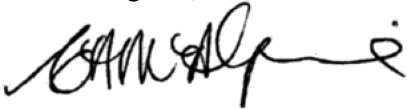
### **Summary**

It is crucial the Select Committee on the Cost of Living prioritise the experiences of cost of living among people with an intellectual disability to ensure any resultant reforms are targeted towards easing cost of living pressures that fall disproportionately on Australians with an intellectual disability.

We thank you for the invitation for submission to the Select Committee on the Cost of Living and hope it will be useful in ensuring the experiences of people with an intellectual disability are considered during the inquiry process and included in the Final Report.

We welcome any further opportunity to discuss the issues raised in this letter in the future.

Kind regards,

A handwritten signature in black ink, appearing to read 'Catherine McAlpine', with a stylized flourish at the end.

Catherine McAlpine  
**Chief Executive Officer**