

Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia

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INTRODUCTION

Our primary concern is the social, emotional and economic wellbeing of the rising number of people living with a disability now on Newstart Allowance. This number appears a result of incremental changes to the Disability Support Pension (DSP) eligibility threshold since 2006.

NEWSTART POPULATION COHORT WITH TIGHTENING DSP ELIGIBILITY THRESHOLD

As illustrated in the graphs below, there has been a significant influx of persons living with a disability onto the Newstart Allowance. This can be correlated with the ongoing tightening to the DSP eligibility threshold.

SUMMARY OF THE KEY CHANGES TO THE DSP ELIGIBILITY THRESHOLD

2006 reforms: These reforms lowered the DSP work capacity assessment from 30 to 15 hours per week. Applicants assessed with a partial work capacity between 15 and 29 hours per week no longer qualified for the DSP. As illustrated by Figure 1, the introduction of these reforms appears to lead to an increase in the number of people living with a disability receiving the Newstart Allowance.

2012 reforms: These updated the impairment tables used to determine eligible disability type and severity for the DSP. The earlier approach of assessing medical diagnoses and their impact on body systems was modified to focus on the functional abilities required for work and/or training activities.

2014/15 reforms: These reforms required people aged 35 years and under who are assessed with a work capacity of eight hours or more per week to participate in activities. For the first time, compulsory participation requirements become attached to the DSP. The same reforms amended both the types of medical evidence provided by applicants and the assessment methods used to assess them. Still in place today, individuals submitting a DSP application are required to provide their medical records, including the medical report from their treating doctor. As part of the application assessment process, an applicant's condition must be considered to be fully diagnosed, treated and stabilised. As illustrated by Figure 2, the number of people receiving the DSP was over 800,000 in June 2014. After four years, this has declined to approximately 750,000 people (over the same period, Australia's overall population grew by approximately 1.5 million, or 6 per cent). In December 2018, approximately 200,000 Australians receiving Newstart Allowance were assessed as having a partial capacity to work. This is the highest number within the last five years.

Figure 1: 2006 – 2012 Newstart Allowance recipients with disabilityⁱ

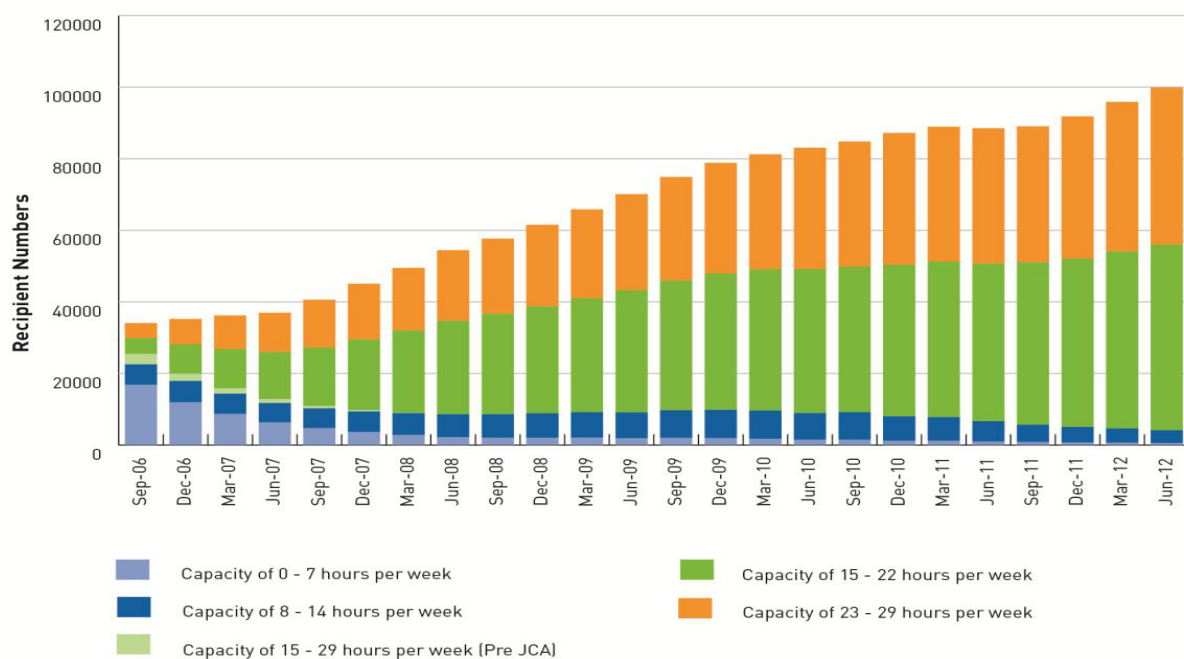


Figure 2: From 2012 increase of persons with disability on Newstart Allowanceⁱⁱ

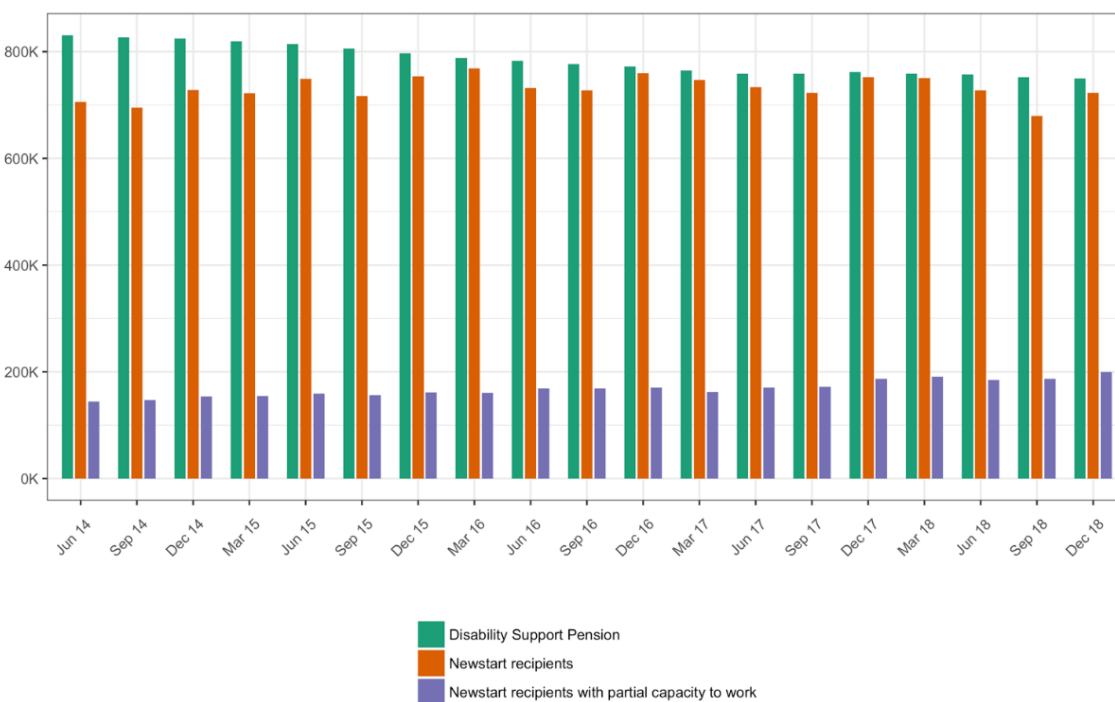
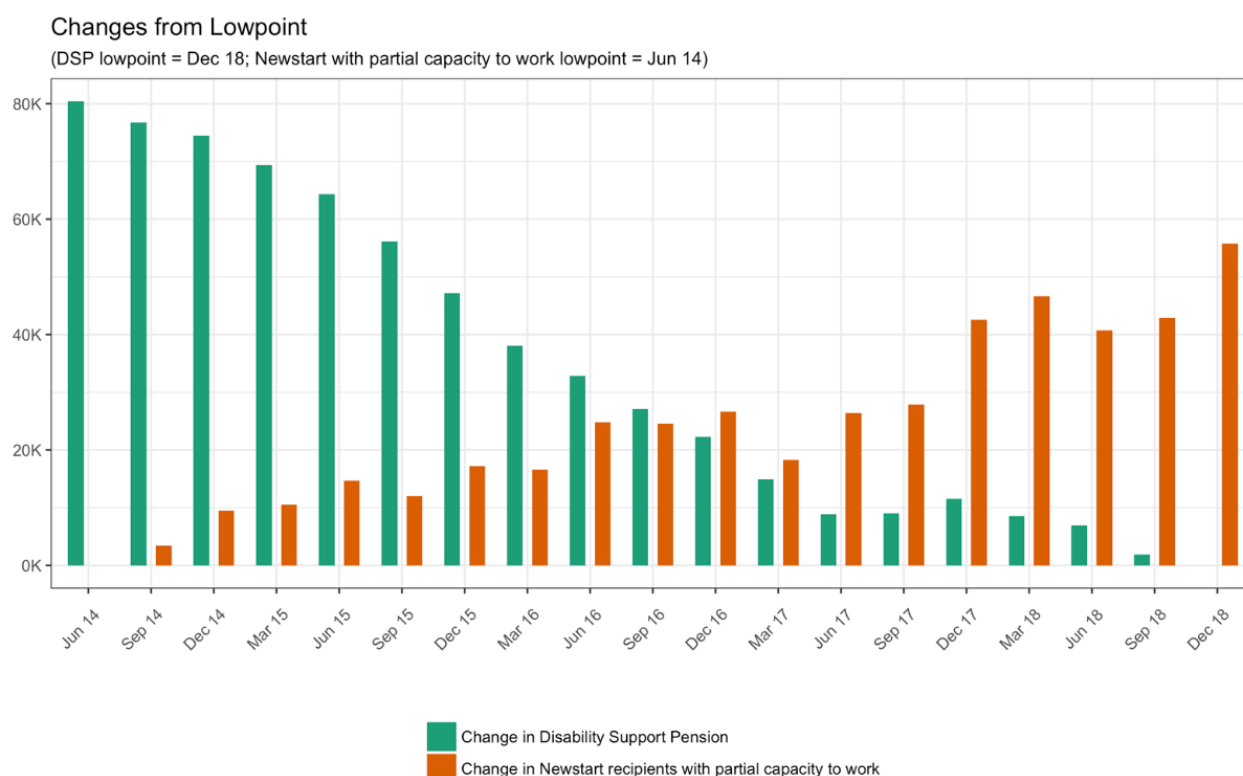


Figure 3: Interaction of DSP eligibility restrictions and Newstart Allowance over time



IMPLICATIONS FOR SOCIAL, EMOTIONAL AND ECONOMIC WELLBEING

We provide the following three case studies to illustrate the impact upon an individual's social, emotional and economic wellbeing when placed on Newstart rather than the DSP. Impacts concern both the person and their household. The case studies demonstrate that:

- Newstart Allowance create severe mental distress for this population cohort and often, results in making their primary condition worse. For people with fluctuating conditions and/or illnesses it severely restricts their capacity to effectively participate in appropriate interventions to ensure either a full recovery and/or stabilisation of their condition;
- DSP assessment and evidentiary requirements are onerous and increase the economic precarity of applicants with disability, illness and/or chronic condition and household members. Often, the out-of-pocket expenses required to gather necessary medical evidence is financially burdensome. For regional and remote applicants, few accessible and affordable services are available, making it onerous to engage with the medical specialists and systems needed to acquire that evidence.
- Family and other household members are also severely burdened by having a disabled household member inappropriately placed on Newstart. This can undermine their own health and economic wellbeing.

Case Study 1

Paul was diagnosed with a heart condition and diabetes over 3 years ago. As time as gone on, he has sought treatment for each of his conditions. In 2016 his specialists recommended medical retirement from the workforce, so that he could maintain his existing treatment plan and to ensure that his conditions did not deteriorate. Further his employer, where he worked only 20 hours per week, found it difficult to maintain Paul's position given the amount of time off he required to attend ongoing medical appointments. Despite the co-morbidity of conditions and complex treatment plans, Paul has now been denied the DSP on two occasions. Recently he was diagnosed as last stage dialysis. Paul's specialist employment provider provided this medical information to Centrelink on his behalf. Centrelink have stated that Paul is still required to find work for 22 hours per week as a Newstart recipient.

Case Study 2:

Marie is a young woman of 24 years. She was diagnosed with a severe mental illness at age 15 years. Her condition fluctuates dependent upon the levels of stress she experiences. She recently had to leave her university studies, as she found the assessment workload extremely difficult to manage. Her specialists recommend that she apply for the DSP so that she can stabilise her condition for at least 12 – 18 months prior to seeking re-entry into university or employment. Yet, as her condition has not been considered fully treated nor stabilised, she has been rejected from the DSP. The DSP determination took almost 10 months and during this time she was placed on Newstart. Once she received the maximum length of exemption, she was required to undertake job search activities and report regularly. She finds this extremely stressful, which often exasperated her condition. Despite the efforts of specialists, her family and Marie herself, the continual requirements of Newstart undermined her capacity to stabilise her mental health condition and engage in full treatment options. Marie's mother regular reported upon her behalf, as Marie had been cut off from Newstart on two occasions. These exacerbated Marie's symptoms, and placed undue financial stress upon her family.

Case Study 3

Barbara is 49 years old and has worked as a cleaner since leaving school at 18 years. She has worked in a range of positions as a hospital cleaner, all of which have been physically demanding. In the last 10 years she has developed severe lower back pain, affecting her mobility and physical movement. She can no longer sit for extensive periods of time, nor undertake heavy duties. Her doctor has written several reports for Centrelink to explain her disability and its level of severity. She lives on the outskirts of a regional town, as this is the only accommodation she can afford. She is in severe financial stress. Barbara often only eats jam and bread for dinner. She finds fortnightly reporting confusing and its requirements expensive. Due to her physical pain and lack of mobility she often needs to get a taxi to and from the Centrelink offices, borrowing money from her neighbours and immediate family to cover the fares. Despite the efforts of Barbara's specialists, GP and financial counsellor, Barbara continues to be denied the DSP. Barbara has worked for more than 20 years, paying taxes. She is now accessing her superannuation to subsidise the cost of very basic living and to pay back family members and neighbours the money she has borrowed over the last two years. Many of these costs are generated by trying to accumulate relevant evidence to illustrate the severity of her condition and inability to work, as part of efforts to qualify for the DSP. This situation is increasingly affecting her mental health, and she is becoming severely depressed.

RECOMMENDATIONS:

Recommendation One: Remove Fully Treated and Stabilised Criteria within the Eligibility Requirements involving:

- Accepting individuals with fluctuating illness and conditions, particularly whilst in treatment, onto the DSP. If deemed necessarily, review the DSP recipients' eligibility in a timeframe designated, and in collaboration with, treating specialist and health professionals.

Recommendation Two - *Greater community outreach and information dissemination by Centrelink staff about the Disability Support Pension, eligibility criteria and amendments to the application process is required to service providers, medical practitioners and health care providers involving:*

- Centrelink staff meeting with medical practitioners and Indigenous health workers at Aboriginal medical services and local hospitals to promote the new application process and assessment process; includes educating relevant staff on how to complete the medical documentation to support applications.
- Regular ongoing bi-annual face-to-face updates as a minimum to capture new staff or update existing staff of new processes or changes to the assessment process and criteria, particularly in relation to the impairment tables.
- Updating information on Centrelink webpages and other publicly available materials, and disseminate this information to relevant organisations, services and providers on an ongoing basis in line with legislative changes.
- Centrelink staff presenting information at locally-run forums, including Council and community meetings, community-based services, job employment networks, and Aboriginal and Torres Strait Islander women's and men's groups and corporations.
- Regular face-to-face meetings between Centrelink staff and rural and remote applicants should be a priority for regional service centres servicing rural and remote communities.
- Developing resources with plain language and clear process instructions, including online videos about how to apply for the DSP, and details of helplines or services for potential applicants to contact for more information without excessive waiting periods.
- Centrelink staff and social workers providing active supports and monthly follow-up throughout the determination waiting period.

Recommendation Three – *Coordinated communication pathways and support during the application process involving:*

- Centrelink staff making direct contact with individuals who have requested DSP application information and documentation. Contact could confirm individuals have received relevant paperwork for the application or prompts to remind applicants of appointments during the assessor process of the application.
- Regular updates on the progress of an application should be provided to individuals and/or designated advocate awaiting on the outcome on their application.
- Centrelink staff being readily available for face-to-face contact with applicants to clarify information and questions.
- Applicants and their families should be offered access to interpreters (and any review process) to ensure they understand the application process and their rights as an applicant to review a decision.
- Centrelink employ more Indigenous specialized staff and social workers to support applicants through the process.
- A better resourced telephone system to reduce the current wait times being experienced.

Recommendation Four – *Implementing minimum timeframe of 3 months maximum to determine DSP eligibility involving:*

- Establishing timescales and processes to ensure that assessment occurs within a 3-month period of submission of application.

- Providing applicants with a clear schedule of time scales for each phase of the assessment process which is communicated in accessible and appropriate formats in response to the person's individual, cultural and language needs.
- Establishing an internal alert system to identify applicants at risk of extended periods and implementing supports and procedures to ensure that the applicant is elevated in their assessment flow through to ensure that a notification of outcome remains within a 3-month period.

Recommendation Five – *Offering comprehensive outcome information and support for applicants following an unsuccessful claim for the DSP outcome involving:*

- Centrelink notifying applicants of unsuccessful outcomes with comprehensive information regarding the decision that can be shared with the applicant's medical practitioners, specialists and health professionals, in order that they can provide informed guidance for their clients going forward about the most appropriate option(s) based on their circumstances. If the unsuccessful applicant agrees, this information could then be provided to support services with which the person has contact to inform decisions around future appropriate supports and services.
- Applicants who are unsuccessful in the DSP claim should be immediately referred by Centrelink to key community legal services and other support agencies that may be able to assist them in understanding their options following an unsuccessful DSP claim.
- Centrelink actively providing unsuccessful applicants with referrals to appropriate services that can provide financial information and assistance particularly with regard to potential payments to which they may be entitled, and guidance on how to access and apply for other appropriate financial assistance and payments.
- Centrelink undertaking an individualized assessment to identify other potential areas of support required and refer immediately to appropriate services to ensure individual wellbeing.

Recommendation Six – Exempting individuals applying for the DSP from Newstart Allowance reporting and work activities involving:

- Removing reporting and conditionality for individuals with disability/ies and/or chronic conditions placed on Newstart whilst awaiting the outcome of their DSP application.
- Affording individuals with disability/ies and/or chronic conditions deemed ineligible for the DSP with a single medical exemption that recognizes the continuity of their conditions and the ongoing requirement for extended periods of time away from the NSA reporting and work activities.
- Recognising the medical expertise of the person's treating doctor and specialist in completing Centrelink exemption certifications from Newstart Allowance.

ⁱ Australian Government (2012) *Submission to the Senate Inquiry on the adequacy of the allowance payment system for job seekers and others*, Canberra: Australian Government, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_Employment_and_Workplace_Relations/Completed_inquiries/2010-13/newstartallowance/submissions

ⁱⁱ Department of Social Services Payment Demographic Data from 2014 – 2019. Available at: <https://data.gov.au/data/dataset/dss-payment-demographic-data>