



## Public Enquiry on Disability Support Pension Administration (Audit Report)

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**Financial Counselling Australia (FCA)** is  
the peak body for financial counsellors  
in Australia.

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## **About Financial Counselling**

Financial counsellors assist consumers in financial difficulty. They provide information, support and advocacy to help consumers deal with their immediate financial situation and minimise the risk of future financial problems. The majority of financial counsellors work in community organisations, although some are employed by government. Their services are free, confidential and independent.

## **Financial Counselling Australia**

FCA is the peak body for financial counsellors in Australia. FCA's member groups are the eight State and Territory financial counselling associations.

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## **1 INTRODUCTION**

Financial counsellors assist people experiencing financial hardship. The majority of financial counselling clients are in receipt of Centrelink income support payments. Financial counsellors are therefore well-placed to comment on the issues arising in casework for clients receiving Centrelink payments.

## **2 ASSESSMENT PERIOD IS TOO LONG**

The audit report identifies that the average length of time to process a claim from receipt of paperwork at Centrelink to grant was 50 days. The Human Services target benchmark is 49 days. During the processing time, an applicant is often receiving the lower Newstart Allowance. As well, new DSP applicants are unlikely to be in government housing at the time of their application and so facing higher rental costs. Newstart does not cover the average cost of mortgage payments or private rental<sup>1</sup> and this means that at the time a decision is finally made, the applicant is often in significant housing stress and potentially rental arrears.

Furthermore, as only 39% of claims are granted, an average of 50 days waiting time puts considerable strain on very financially vulnerable applicants. Rejected claims have an average reassessment time of 70 days. The report notes that some claims take 12 months to complete.

If an arm's-length consideration is taken of this situation, the average applicant will have their claim rejected, wait a further two or more months for a reassessment, and be rejected at that point as well.

This length of time for someone in a financially vulnerable situation is untenable. Financial counsellors routinely need to apply for three-month deferrals on debt repayments during this application process, and may even need to apply for extensions to this period. The flow-on effect from this long assessment period not only puts financial and psychological strain on ill and disabled applicants, but causes administration issues for a whole variety of other sectors—affecting utilities, creditors, landlords and, of course, the community sector.

FCA recommends Human Services revise its targets and resource its assessment section to substantially reduce the assessment and appeals periods. A vulnerable

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<sup>1</sup> Key Findings, Survey of Income and Housing 201-2014, Australian Bureau of Statistics  
<http://www.abs.gov.au/ausstats/abs@.nsf/mf/4130.0>

and disabled person should not need to wait months to be made eligible for a payment that was designed for them.

### **3 ASSESSMENT CRITERIA NEED CHANGES**

In ordinary casework, financial counsellors report that they often see clients who are receiving Newstart Payments with a 'no capacity to work' assessment. Clients can be on these payments for years, and yet still be advised that they are not eligible to apply for the DSP. Changes need to be made to the assessment criteria to capture these genuine applicants who at present are their applications unfairly denied.

**The 'condition must be stabilised' criteria disadvantages those on long waiting lists, those with mental illness, and those with complex and multiple conditions.**

The requirement that all conditions be stabilised causes assessment headaches for clients with mental illness, clients with complex and multiple diagnoses and clients on waiting lists.

One financial counsellor reported that her client who had chronic pain and immobility related to a rotator cuff shoulder injury was on a waiting list for 18 months for surgery. During this time, she developed depression and anxiety (partially related to her financial stress), type 2 diabetes and was rejected twice for DSP, despite both her GP and her specialist noting that her other conditions and her advancing age (59) made it very unlikely she would ever work again.

Financial counsellors often report that clients with mental illness are rejected under the condition stability criteria, despite assessments by a GP and a specialist that they are unable to undertake gainful employment within two years. A thorough assessment of the work history of people in this category, which is typically very patchy for people with severe mental illness, should reveal that their capacity to work is severely compromised by their condition.

Clients with mental illness also have limited ability to cope with long waiting periods, heavily bureaucratic processes and multiple appointments. The process therefore heavily disadvantages people who are already significantly socially and financially disadvantaged.

FCA recommends consideration be given to amending this criteria in relation to clients with mental illness, clients on long waiting lists and clients with multiple interacting conditions.

**More weight should be given to the diagnoses of medical professionals who have been working with clients long-term.**

One-off job capacity assessments are unlikely to be as accurate in assessing capacity to work as professionals who have been treating applicants for some time. Yet, financial counsellors report that clients can often submit the appropriate medical reports and still find their claims rejected by one-off capacity assessors.

**The goal of the assessment process should not be to find ways to reject applicants**

As noted in the report, successive governments have tried to curb DSP applications because of the high impact on the federal budget. The flow through effect is clear: genuine and appropriate applications for DSP are now being rejected at an even higher number than in previous years.

It should not be the Commonwealth's aim to reject applications - a perverse approach. The aim of the system must be to provide an adequate social security safety net to people who need that support.

The vast majority of applicants who apply for the DSP are likely to be suffering from a range of serious medical issues and the exhausting process of sometimes repeatedly needing to prove they are unable to work over many months often has negative impacts on their self-esteem and mental health—and these are some of the most vulnerable people in our community.

**Larger structural issues should not be ignored**

The population is ageing, and people are more likely to suffer illness and injury as they get older. Long waiting lists in the health system can influence the times someone may need to manage a particular disability. With the mental health system 'at tipping point'<sup>2</sup>, it should be expected that due to the health system's difficulty in managing mental illness that the number of DSP applicants with a mental illness will increase.

FCA recommends that consideration be given to structural issues when application grant targets are set for DSP claims.

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<sup>2</sup>Mental health services reach the tipping point in Australian acute hospitals, Med J Aust 2015; 203 (11): 432-434, <https://www.mja.com.au/journal/2015/203/11/mental-health-services-reach-tipping-point-australian-acute-hospitals>