



Facts on the Disability Support Pension, July 2015

Since the previous Government narrowed eligibility criteria for the Disability Support Pension (DSP) by introducing ‘Program of Support’ rules in Sept 2011 and revised Impairment Tables in January 2012, it has been even harder to obtain the DSP for medical conditions that limit a person’s capacity for work. More claims are rejected now than ever before. In 2011-12, 50% of DSP claims were rejected. In 2014-15, just 36.9% of claims were successful, a drop of 4% over the previous year, when 40.9% of DSP claims were successful. Last year, the rejection rate for the DSP was 63.1%. In the financial year ending 2015, there were just 41,832 successful claims for the DSP.

The reason why most people’s disability claims are rejected is that their medical condition has not been fully diagnosed, treated and stabilised, with nearly 36% of claims rejected for this reason. Additionally, one-in-seven DSP claims are rejected because they fail to provide the Department of Human Services with sufficient information to support their claim. The top three reasons for rejections account for almost 85% of all rejected claims.

Rejection Reason	Number	Percentage
Medical condition not fully diagnosed, treated & stabilised	30,001	35.8
Less than 20 points on the impairment tables	28,504	34
Failed to supply information	12,275	14.6
Did not meet the Program of Support requirements	3,309	3.9
Disability is short-term	1,391	1.7
Other	8,439	11.3
Total	83,829	100

The Top 5 reasons for DSP rejections in 2013-14

Tighter DSP rules means more people on Newstart with significant disabilities that reduce their ability to find and sustain ongoing employment. Today, one-in-four people on Newstart Allowance have a disability, but they miss out on the additional benefits that are available to pensioners. The single pension (and supplement) is \$860.20 per fortnight, but the single Newstart Allowance is just \$519.20 per fortnight – a difference of \$341 per fortnight (or \$170 per week, \$8,866 per year).

Review of Centrelink Decisions

Centrelink makes millions of decisions each year, and a person has a right to appeal if they are not happy with the outcome. There were 123,032 internal reviews in 2013-14. The decisions most commonly challenged were: rejection of a claim for payment, such as the Disability Support Pension; raising or recovery of debts; participation failure; start date of payment; and the rate of payment.¹

In 2013-14, 35% (or 42,662) of these merit reviews resulted in changed decisions at the internal review stage. At the Social Security Appeals Tribunal (SSAT), one-in-four decisions were overturned in the 2013-14 financial year.² One-in-six DSP appeals at the SSAT were set aside, or varied, in the financial year ending June 2014.³

¹ Department of Human Services, *Annual Report 2013-14*, p. 153.

² Department of Human Services, *Annual Report 2013-14*, p. 154.

³ Social Security Appeals Tribunal, *Annual Report 2013-14*, p. 55.

Factors affecting the number of people on the Disability Support Pension

Department of Social Services data reveals that at June 2015 there were 814,391 people receiving the DSP, down from 827,460 12 months earlier – a decline of 0.98%. Despite talk of ‘unsustainable’ welfare payments, the fact is that the growth in DSP numbers has slowed considerably in recent years. The numbers were highest, with double-digit growth in the recession of 1991-92, when the proportion of people on the DSP increased by an all-time high of 13.3%.

A series of policy changes from the mid-1990s had a major impact on the number of people receiving the DSP and other payments. The increase in the age pension qualifying age for women from sixty to sixty-five in 1995 was one of the most important of these. Also important was the phasing out of a number of other payments, including mature age allowance, partner allowance, wife pension, widow B pension and widow allowance. There has also been substantial growth in the number of people on the DSP over age pension age. This cohort increased in size from 0.9% to 4% in the decade from 2004. In numerical terms, this is an increase from 6,038 to 33,939, a very sizeable increase of 462%.⁴

Also significant is that population growth has meant that the proportion of people receiving the DSP of working age has remained relatively stable. The ageing population also has a major influence, as the incidence of disability increases with age.

Welfare fraud: fact versus fiction

Some important statistics on social security, fraud and the Disability Support Pension:

- In 2013-14, 950 people prosecuted by the Commonwealth Department of Public Prosecutions were convicted for Social Security fraud;⁵
- the amount of deliberate social security fraud is acknowledged to be extremely low. With a total 7.3 million people on income support payments the number that are convicted equals just 0.013%. An Australian Institute of Criminology study found that the extent of fraud was “quite modest...There is no basis for the commonly held view that fraud is rampant in the system”;⁶
- the public tends to over-estimate the level of social security fraud, with a 2013 survey by the ACTU finding that people think that 17% of people on income support are prosecuted for welfare fraud;⁷
- from 5,734 medical reviews for the Disability Support Pension in 2012-13, just 212 pensions were cancelled – equal to 3.4%⁸ and,
- the Productivity Commission pours cold water on claims that the DSP is available to people who are not medically qualified to receive it, noting: “It ...appears that most people on DSP have significant impairments that genuinely affect their employment prospects.”⁹

⁴ Department of Social Services, *Characteristics of Disability Support Pension Customers*, June 2004.

⁵ Senate Standing Committee on Legal and Constitutional Affairs Attorney-General’s Portfolio, *Question No. AE15/118*.

⁶ Prenzler, T. *Responding to welfare fraud: The Australian Experience*, Australian Institute of Criminology, Research and Public Policy Series, 2011, p. 9.

⁷ Australian Council of Trade Unions, *Work and Welfare Perceptions Survey*, Empirica Research, March 2013, p. 11.

⁸ Senate Community Affairs Committee, *Answers to Estimates Questions on Notice, Social Services Portfolio, 2013-14, Supplementary Estimates Hearings, Question No: 218*.

⁹ Productivity Commission, *Disability Care and Support*, Appendix K, p. K16, 2011.