

Qualifying for the Disability Support Pension

Department of Social Services

Department of Human Services

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Canberra ACT
21 January 2016

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Department of Social Services and the Department of Human Services titled *Qualifying for the Disability Support Pension*. The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website—<http://www.anao.gov.au>.

Yours sincerely



Grant Hehir
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Summary

Background

1. The Disability Support Pension (DSP) provides financial support to working age Australians who are permanently blind or have a permanent physical, intellectual or psychiatric impairment that prevents or limits their capacity to work. Over 800 000 Australians with disability were in receipt of DSP at the end of June 2014—equal to around 5 per cent of the working age population—and a further 100 000 people with disability (with partial capacity to work) were receiving unemployment benefits such as Newstart Allowance.¹

2. Expenditure on DSP is significant—over \$16.5 billion in 2014–15. The number of DSP recipients has grown at an average annual rate of 4.2 per cent over the past four decades. Successive governments have made efforts to curb DSP expenditure growth. Recent efforts include revisions to the impairment tables, which underpin Job Capacity Assessments, introduced in January 2012. These changes aimed to taper DSP growth and reduce new grants² of the pension by approximately 6500 per year. There has been a reduction in the percentage of DSP claimants being granted the pension since then, and slight fluctuation³ in the overall numbers of DSP recipients year on year, reflecting DSP in and outflows and other factors, such as changes to age eligibility for women on the Age Pension.

3. The *Social Security Act 1991* (the Act), and related legislative instruments, provide the legislative basis for DSP, including the rules of eligibility and the rates payable to DSP recipients. The Department of Social Services (DSS) is responsible for overall administration of the legislative framework, policy and the management of the financial appropriation for DSP. The Department of Human Services (Human Services) is responsible for the day-to-day operations of DSP, including conducting assessments of claims, making payments, reviewing continued eligibility and handling appeals.

4. Claimants for DSP are required to provide medical evidence about their condition. While some claimants (around five per cent) are granted DSP outright—manifest grant⁴—on the basis of the severity of their condition, most others are required to undergo a Job Capacity Assessment of their medical condition(s) and ability to work. The assessments are conducted by health or allied health professionals employed by Human Services.

1 Australian Government. June 2014. *A New System for Better Employment and Social Outcomes. Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services.* p. 33.

2 Where a decision is made that a person qualifies for and is to be paid the pension, the person is said under social security legislation and guidance to have been 'granted' the pension and the decision is termed a pension 'grant'.

3 The number of DSP recipients rose 1.1 per cent in 2013–14 to 830 454 and then fell to 814 391 in 2014–15.

4 Manifest grants of the DSP are made without further assessment in the following limited circumstances: a terminal illness (life expectancy of less than two years with significantly reduced work capacity during this period); permanent blindness (meets the test for permanent blindness for social security purposes); an intellectual disability where medical evidence clearly indicates an IQ of less than 70; an assessment indicating that they require nursing home level care; category 4 HIV/AIDS; or in receipt of a Department of Veterans' Affairs disability pension at special rate (totally and permanently incapacitated). Two lists of conditions have been available since 1 July 2010, to help decision makers determine manifest eligibility for DSP on the grounds of terminal illness, nursing home level care requirements, and/or intellectual disability.

Audit objective and criteria

5. The objective of the audit was to assess DSS's and Human Services' administration of DSP eligibility processes. Four high-level criteria were examined to form an opinion against this objective:

- qualification processes—including how impairment and work capacity were determined and whether Job Capacity Assessments appropriately assessed applicants' eligibility for DSP;
- appeals processes—whether processes were effective, efficient and timely;
- reviews of recipients' continued eligibility for DSP and whether these reviews were appropriately targeted; and
- performance and assessment processes—whether as a program DSP was effectively measured, monitored and reported.

6. The audit focused on the administration of the reforms to the impairment tables and Job Capacity Assessment processes introduced on 1 January 2012.

Conclusion

7. Changes to the DSP eligibility assessment processes introduced in January 2012 aimed to taper DSP growth and reduce new grants. The proportion of DSP claims granted by Human Services since has decreased from around 53 per cent in July 2011 (six months before the changes came into effect) to 39 per cent of total claims in June 2014 (leading to an increase in the number of requests for reviews and appeals of decisions). The ANAO has found that, to date, DSS has not undertaken any formal review or evaluation of the eligibility changes. A focus on evaluation of the efficiency and effectiveness of the changes would provide assurance of whether the current results are in keeping with legislation. It would also assist in informing government about the cost/benefit of the eligibility processes and the likely impact of any further changes to the impairment tables.

8. The ANAO also found that, at a day-to-day level, while the eligibility processes for DSP applied by Human Services were in keeping with legislation, eligibility decisions could be better documented. There was also a risk that the vast majority of DSP recipients will remain on DSP for long periods without any review of continued entitlement. While reviewing the entire stock of DSP recipients would be expensive and ineffective for some groups, Human Services could improve the level and targeting of medical review activity for DSP recipients (not covered by the 2014–15 Budget measure for under 35 year olds⁵), including through drawing on medical and impairment risks identified during the claims processes.

5 At Budget 2014–15 the Government provided a total of \$46.4 million over five years from 2013–14 to review, against current eligibility criteria, Disability Support Pension (DSP) recipients aged under 35 years who were granted DSP between 1 January 2008 and 31 December 2011. Of this funding, \$21.5 million was allocated to Human Services to review 28 000 DSP recipients against the revised impairment tables.

Supporting findings

9. The eligibility processes to qualify for DSP are complex, requiring assessment of the level of functional impact of a person's impairment and their continuing inability to work. While Human Services' assessment of new claimants' eligibility was in keeping with underpinning legislation, policy and guidance, some aspects of the assessment process and its oversight could be improved. In particular, there is scope for Human Services to improve:

- the documentation of assessment decisions; and
- advice about program of support requirements and the potential referral of certain claimants to employment or other support services, consistent with current policy.

10. Each year Human Services receives a large number of requests for internal review of rejected DSP claims. Review processes take time. Around 20 per cent of internal review decisions are appealed to the Social Security Appeals Tribunal (SSAT).⁶ Of these, around 20 per cent of decisions were subsequently appealed to the Administrative Appeals Tribunal.⁷ There is the potential for reviews and appeals activity to be reduced by improving communication with customers. In particular, by:

- improving the appeals data to enable Human Services and DSS to better understand the reasons for successful appeals and assist in improving the application processes and quality control frameworks; and
- Human Services more clearly explaining the basis for rejecting a claim so that claimants can make an informed decision on whether or not they should submit an appeal.

11. Human Services undertakes a range of compliance and non-compliance review activities for income support payments. The ANAO found that the level of review activity (to confirm recipients' ongoing eligibility for DSP) varied in volume and effectiveness across each review type and from year to year. The overall level of activity undertaken each year is significant—over 67 000 recipients were reviewed in 2013–14 and 79 151 in 2014–15. However, the possibility of a recipient being required to undergo a medical assessment as part of a review was low—only 3841 (five per cent) of DSP recipients who were reviewed in 2013–14. Human Services reduced medical review activity levels (as part of compliance reviews) in 2014–15 to just 721 reviews. In 2014–15 a Budget measure was introduced to fund 28 000 reviews of DSP recipients under 35 years of age. As a result, recipients who fall outside the Budget measure criteria are unlikely to be reviewed and may continue receiving DSP even though their medical conditions no longer justify it.

12. While reviewing the entire stock of DSP recipients would be expensive and ineffective for some groups, Human Services could improve targeting of medical reviews for compliance activities, including by drawing on medical and impairment risks identified during the claims

6 From 1 July 2015, the Social Security Appeals Tribunal joined the Administrative Appeals Tribunal as the Social Services and Child Support Division and individuals seeking appeal of a DSP decision must apply to that Division in the first instance, while retaining a right of further appeal to the General Division of the Administrative Appeals Tribunal.

7 In 2014–15, the Social Security Appeals Tribunal reviewed 5651 DSP decisions (47 per cent of social security appeals) and the Administrative Appeals Tribunal finalised 1108 DSP appeals (52 per cent of social security appeals).

process. This approach would be consistent with the view of the Productivity Commission that DSP reassessments need to be sufficiently frequent so that they reflect the foreseeable needs of individuals.

13. The audit found that scope exists for the provision of more complete and meaningful performance measures and reporting for DSP:

- DSS reports DSP performance against a range of population characteristics and volume data and provides commentary on factors which influence program performance in its annual reports. The 2013–14 report attributed a fall in DSP growth over the past five years to changes in DSP assessment processes. However, supporting evidence is limited and timing indicates that other factors are also likely to have impacted on flows into DSP across the period; and
- DSS reports little information about the efficiency, effectiveness and economy of the program or its service delivery. Human Services only reports total volumes of Job Capacity Assessments conducted in a financial year. A stronger focus on measuring the quality of decision making for DSP claims would better position DSS to evaluate operational efficiency and identify potential service improvements.

14. An advisory committee report produced prior to the implementation of the revised impairment tables recommended that the tables be reviewed and evaluated. However, at the time of the audit, DSS had not yet undertaken any review or evaluation activity around the tables. Such activity would provide for policy adjustment or alignment and would provide assurance of whether the current results are in keeping with legislation. It would assist in informing government about the cost/benefit of the eligibility processes and the likely impact of any further tightening of the impairment tables.

15. The ANAO has made four recommendations to assist in improving the administration of DSP eligibility processes.

Summary of entity responses

16. The proposed audit report was provided to DSS and Human Services.⁸ Their formal responses are as follows:

Department of Social Services

17. The Department of Social Services (the Department) acknowledges the findings of the report and agrees with the recommendations. The Department welcomes the report's findings that recent policy initiatives have strengthened targeting of the DSP and controlled population growth. These changes have resulted in a reduction in the DSP population during 2014-15, in terms of absolute numbers and as a proportion of the Australian working age population. The Department will continue to work with the Department of Human Services to ensure that assessment processes for new claims and reviews of qualification for existing recipients continue to be undertaken to a high standard, and in keeping with legislation and policy.

⁸ An extract was also provided to the Administrative Appeals Tribunal for comment.

Department of Human Services

18. The Department of Human Services (the department) welcomes this report and the ANAO's conclusion that the department's processing of new claims for Disability Pension Support (DSP) is in accordance with legislation, policy and guidance.

19. As the audit report acknowledges, the eligibility processes to qualify for DSP are complex. In 2014–15, the department assessed over 110,000 new claims for DSP. In addition, the department successfully delivered a number of Budget measures such as the medical eligibility reviews of certain DSP recipients aged 35 years and under, and the introduction of Disability Medical Assessments by Government-contracted doctors.

20. The audit found the department's assessment of new claimants' eligibility was in keeping with underpinning legislation, policy and guidance. Given the size and complexity of the programme, the audit does suggest some areas for improvement. In that regard, the department agrees with the audit recommendations, which align well with work in progress. The department considers that implementation of the recommendations will further enhance the department's administration of the Disability Support Pension.

Recommendations

Recommendation No.1

Paragraph 2.19

To provide full documentation of eligibility decisions, the ANAO recommends that Human Services:

- (a) review the guidance it provides to assessors on the level of detail to be included in Job Capacity Assessment reports, particularly for assessments of impairment ratings, a person's inability to work and program of support obligations; and
- (b) require delegates to clearly specify any changes they make to the Job Capacity Assessment reports.

Response from audited entities: *Agreed.*

Recommendation No.2

Paragraph 4.22

To improve the efficiency and effectiveness of the current review process, the ANAO recommends that Human Services, in cooperation with DSS, include options in its risk profiling to better identify recipients whose medical conditions have a greater prospect of improvement.

Response from audited entities: *Agreed.*

Recommendation No.3

Paragraph 5.16

The ANAO recommends that DSS and Human Services:

- (a) develop a more complete set of external and internal performance measures for the effective delivery of DSP; and
- (b) agree on a consistent approach to the collection and publication of income support recipient data.

Response from audited entities: *Agreed.*

**Recommendation
No.4
Paragraph 5.23**

To help identify further opportunities for improvement in the administration of DSP, the ANAO recommends that DSS, in cooperation with Human Services:

- (a) analyse the results of reviews of continuing eligibility for DSP, review and appeal data and quality control information; and
- (b) evaluate the effectiveness of the revised impairment tables.

Response from audited entities: *Agreed.*

Audit Findings

1. Background and context

1.1 The Disability Support Pension (DSP) is Australia's key welfare payment for people who are unable to work due to a permanent disability and are otherwise unable to maintain a basic acceptable standard of living. Over 820 000 Australians with disability, around 5 per cent of the working age population, were in receipt of DSP at the end of June 2014.⁹ In addition, more than 100 000 people with a partial capacity to work were receiving unemployment benefits such as Newstart Allowance.¹⁰

1.2 Strong financial incentives exist for individuals to test their eligibility for DSP. The basic fortnightly rate of payment for DSP is significantly higher (more than \$250) than the basic rate for Newstart Allowance.¹¹ Further, although there are financial incentives¹² and other support services to assist DSP recipients into work, the rate of work participation is low, with only around 8 per cent reporting income from employment in 2013–14.¹³

1.3 Around half of all DSP recipients granted¹⁴ DSP transfer from another income support payment and once on the payment tend to remain on it for many years. As at 30 June 2014, DSP recipients had on average spent more than 13 years on DSP. Of those who left the payment, 15 per cent were no longer on income support, while 54 per cent had transferred to the Age Pension and 28 per cent died. The source (and destination) of flows in and out of DSP are shown in Figure 1.1.

9 Australian Government. June 2014. *A New System for Better Employment and Social Outcomes. Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services.* p. 33.

10 Newstart Allowance has included a Partial Capacity to Work category since 2006.

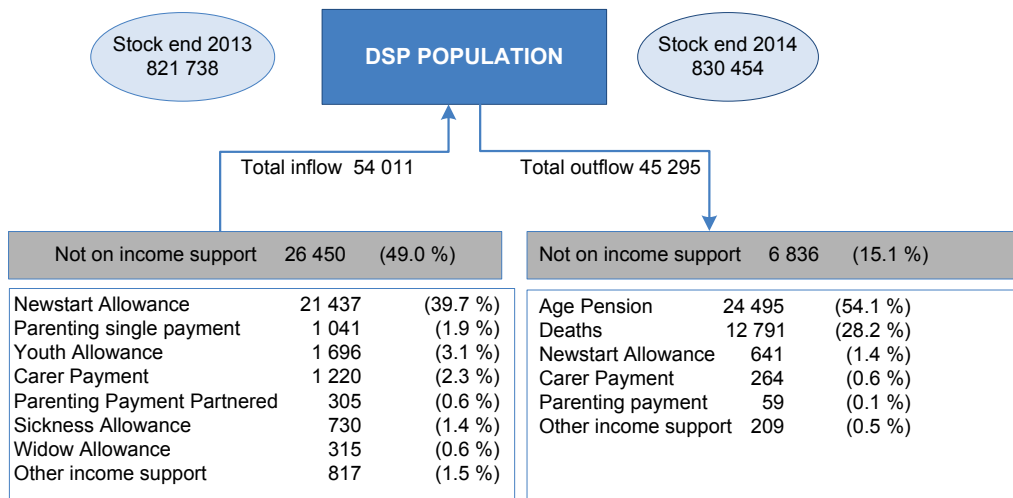
11 As at 1 December 2015, the basic rate of payment for a single person without dependants over 21 years of age was \$788.40 per fortnight. In comparison the basic rate of Newstart Allowance for a single person without dependants over 21 years of age was \$523.40.

12 As at 30 June 2015, a single person without dependants over 21 years of age could earn up to \$1880.20 per fortnight before part pension payments were reduced to zero, the same person on Newstart could earn up to \$883.84 before allowance payments were reduced to zero.

13 Department of Social Services, *Characteristics of Disability Support Pension Recipients*, June 2014, p. 28.

14 Where a decision is made that a person qualifies for and is to be paid the pension, the person is said under social security legislation and guidance to have been 'granted' the pension and the decision is termed a pension 'grant'.

Figure 1.1: DSP recipient inflows and outflows in 2013–14



Source: Department of Social Services, *Characteristics of Disability Support Pension Recipients*, June 2014.

1.4 The *Social Security Act 1991* (the Act), and related legislative instruments, provide the legislative basis for DSP, including the rules of eligibility and the rates payable to recipients. Section 3.6 of the *Guide to Social Security Law* (the Guide) contains information on the qualification requirements and the assessment process which apply to DSP. The Department of Social Services (DSS) is responsible for setting the policy parameters of DSP, managing the financial appropriation and maintaining the Guide. The Department of Human Services (Human Services) is responsible for administering payments to recipients.

DSP expenditure

1.5 DSP expenditure is significant, estimated to exceed \$16.9 billion in 2015–16. Table 1.1 shows the expected increase in expenditure over the forward estimate years, reflecting projected changes in the economy, customer trends, indexation parameters¹⁵ and the impact of policy initiatives.

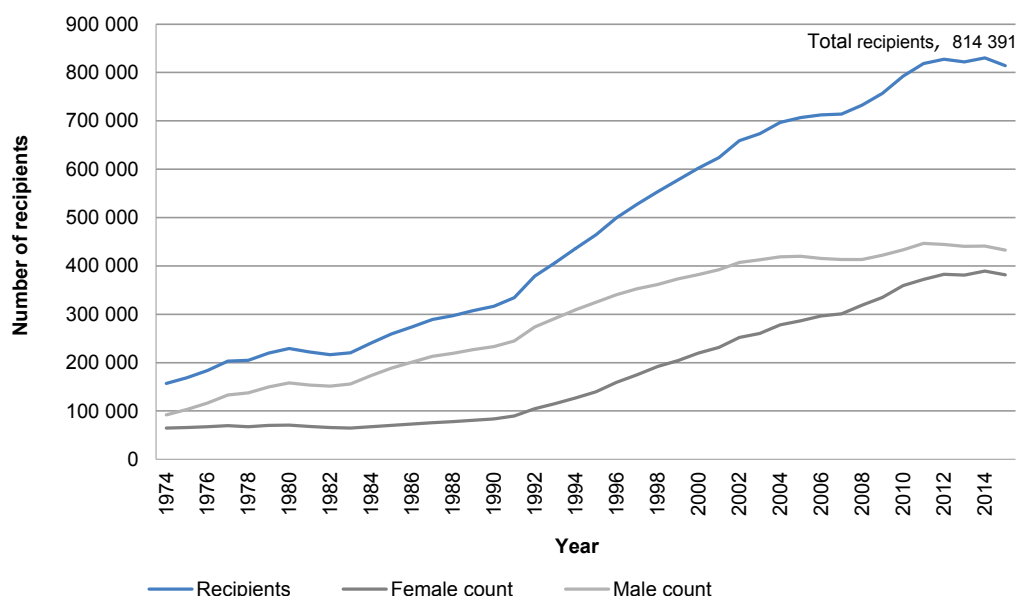
¹⁵ Indexation of payment rates is a key driver of DSP expenditure growth. Base pensions are indexed twice a year, in March and September, to reflect changes in pensioners' cost of living and wages. DSP like other pensions is increased to reflect growth in the Consumer Price Index and the Pensioner and Beneficiary Living Cost Index, whichever is higher. When wages grow more quickly than prices, the pension is increased to the wages benchmark. The wages benchmark sets the combined couple rate of pension at 41.76 per cent of Male Total Average Weekly Earnings.

Table 1.1: Income support expenses for people with disability

	2014–15 Actual	2015–16 Budget	2016–17 Forward estimate	2017–18 Forward estimate	2018–19 Forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Special Appropriations: <i>Social Security (Administration) Act 1999</i>					
Disability Support Pension	16 536 886	16 907 236	17 357 547	17 826 798	18 434 942

Source: Australian Government, *Portfolio Budget Statements 2015–16 Budget Related Paper No.1.15A Social Services Portfolio*, Commonwealth of Australia, Canberra, 2015, p. 67.

1.6 While successive governments have made efforts to reduce DSP expenditure, the number of recipients has grown at an average annual rate of 4.2 per cent over the past four decades (see Figure 1.2).

Figure 1.2: Growth in DSP recipient numbers, June 1994 to June 2015

Note: As at 30 June 2015, there were 814 391 DSP recipients (432 744 male and 381 647 female recipients). Over half (56.8 per cent) of all DSP recipients at this date were over 50 years old, of whom 5.1 per cent were aged over 65 years (either because they did not meet the 10 years residency requirement for Age Pension or because they have chosen to remain on DSP).

Source: Department of Social Services, *Characteristics of Disability Support Pension Recipients June 2014*, p. 8 and advice from DSS.

Reforms to the Disability Support Pension

1.7 Significant reforms to DSP include *Welfare to Work* (2006)¹⁶ which tightened the work capacity eligibility criteria for DSP to persons with work capacities of less than 15 hours¹⁷ per week. To give effect to this change in eligibility, more complex assessments of work capacity—Job Capacity Assessments—were introduced.¹⁸ The change in eligibility was expected to curb DSP growth. However, from 2007 recipient numbers continued to grow due a range of factors, including:

- lower than expected flow to the Newstart Allowance partial capacity to work category;
- a shift of recipients from Parenting Payment¹⁹; and
- the gradual increase in the Age Pension age for women—in the period from 2004–05 to 2009–10, DSP numbers increased by around 96 000, around 85 per cent of this represented growing numbers of female recipients.²⁰

1.8 A number of changes to DSP eligibility and assessment process have been introduced since 2007. Revised impairment tables which underpin Job Capacity Assessments, were introduced from January 2012.²¹ These tables, reflecting contemporary medical and rehabilitation practice, aimed to taper DSP growth and reduce new grants of DSP by approximately 6 500 per year. A summary of relevant DSP Budget measures is at Appendix 3.

1.9 The Government is currently considering a report (February 2015) by the Reference Group on Welfare Reform chaired by Patrick McClure AO, which recommends further reforms to DSP.²² The group's report proposes a simpler system of income support with a greater focus on employment. A Supported Living Pension is also proposed and would be available for people with disability and an assessed work capacity of less than eight hours a week for at least the next five years. At the time of finalising the report on this audit the Government was yet to respond to the group's report.

16 Introduced as part of 2005–06 Budget, *Welfare to Work* was a package of initiatives to increase workforce participation.

17 Under *Welfare to Work* individuals with assessed work capacities of 15 hours or more were no longer eligible for DSP but may have been eligible for Newstart Allowance.

18 The change resulted in a shift in the focus of the assessment processes from a medical model to an assessment of impairment, as it affected a person's ability to function in a work related environment.

19 From 1 July 2006 to 1 July 2008, *Welfare to Work* saw significant changes to the income support eligibility requirements for single-resident parents. Sole resident parents with a dependent child under 16 were previously eligible for Parenting Payment Single (PPS). The changes limited eligibility for PPS to only single parents with children under 8, except in exceptional circumstances. Parents of older children were instead eligible for an "enhanced" Newstart Allowance.

20 Productivity Commission report, *Disability Care* <http://www.pc.gov.au/inquiries/completed/disability-support/report/35-disability-support-appendixk.pdf>

21 The impairment tables, made under a Determination (*Social Security (Tables for the Assessment of Work-related Impairment for Disability Support Pension) Determination* 2011) under the *Social Security Act 1991*, provide guidance on ratings that should be assigned to work-related impairments or functional impacts of medical conditions of DSP claimants.

22 The group was tasked to provide advice to the Minister for Social Services on 'ensuring Australia's welfare system is sustainable, effective and coherent, and encourages people to work'.
<https://www.dss.gov.au/review-of-australias-welfare-system> accessed on 26 October 2015.

Qualifying for the Disability Support Pension

1.10 To qualify for DSP, the recipient must:

- be aged between 16 years and the Age Pension age; meet the residency requirements; and meet the income and assets test for their situation²³; *and*
- have a permanent physical, intellectual or psychiatric condition and be assessed as having a total of 20 points or more under the impairment tables that are used to assess a person's ability to work; *and*
- have a 'continuing inability to work'; *or*
- be permanently blind.

1.11 A person may be determined to meet the medical and continuing inability to work criteria for DSP if they have a condition which can be granted as 'manifest'.²⁴ When a person does not meet the manifest criteria, they are required to undergo a Job Capacity Assessment. A Job Capacity Assessment is a comprehensive assessment of a person's medical condition and ability to work. The assessments are conducted by health or allied health professionals, employed by Human Services.

1.12 A 'continuing inability to work' is defined at Section 94(2) of the *Social Security Act*, which is shown at paragraph 2 of Appendix 4. In summary, if a person has a severe impairment, the impairment must of itself be sufficient to prevent the person from doing any work²⁵ independent of a program of support (that is, a program provided by a designated provider to help address barriers to their employment and other needs as a result of their impairment²⁶) within the next two years.²⁷

DSP reviews

1.13 Human Services undertakes eligibility reviews of DSP recipients each year to confirm their ongoing eligibility for DSP. The 2014–15 Budget supplemented this review activity with a measure requiring the review of certain DSP recipients, aged 35 years and under. To complete this measure, DSS estimates that up to 28 000 recipients aged under 35 will be reviewed between 1 July 2014 and 31 December 2015. Approximately five per cent of recipients reviewed are expected to no longer qualify for DSP.

23 Where a recipient is blind and has turned 21, the maximum rate of pension is not affected by the person's or partner's income and assets.

24 Refer to footnote 4 for definition of manifest grants.

25 For new claimants for DSP, this means that they must be unable to work for at least 15 hours per week where wages are at or above the relevant minimum wage anywhere in Australia, not just within the person's locally accessible labour market. *Guide to Social Security Law*, 1.1.W.60 <<http://guides.dss.gov.au/guide-social-security-law/1/1/w/60>> [Accessed 30 April 2015].

26 A program of support is defined under Section 94(5) of the *Social Security Act* and the definition is shown in the Glossary at Appendix 2.

27 It must also be sufficient to prevent that person from undertaking a training activity, or be unlikely to enable the person to do any work independently of a program of support, within the next two years. However, if a person has 20 impairment points but does not have a severe impairment, that person must also have previously actively participated in a program of support. *Guide to Social Security Law*, 3.6.2.112 Disability Support Pension Assessment of Continuing Inability to Work—15 Hour Rule,<<http://guides.dss.gov.au/guide-social-security-law/3/6/2/112>> [Accessed 9 December 2014].

Audit objective, criteria and scope

1.14 The audit objective was to assess DSS's and Human Services' administration of DSP eligibility and review processes.

1.15 Four high-level criteria were used to form an opinion against this objective. These criteria examined:

- the qualification processes—including how impairment and work capacity were assessed and whether Job Capacity Assessments appropriately supported claimants' eligibility for DSP. This criterion included an assessment of whether Job Capacity Assessments were: aligned with relevant policy and legislative requirements; and conducted by appropriately qualified assessors;
- the appeal processes—whether processes were effective, efficient and timely;
- reviews of recipients to re-assess eligibility for DSP—whether they were appropriately targeted, including the basis for selecting recipients for review and the extent to which results of reviews were used to inform adjustments to the assessment process; and
- how effectively the performance of DSP, in particular Job Capacity Assessments, was measured, monitored and reported—including appropriateness of performance measures and the extent to which information on performance is useful in informing government policy decisions.

1.16 The audit focused on the administration of DSP claims—that required a Job Capacity Assessment as part of the eligibility determination process—since the introduction in 2012 of reforms to the impairment tables and Job Capacity Assessment processes.

Audit methodology

1.17 Fieldwork was conducted in DSS and Human Services between December 2014 and April 2015, and involved:

- interviews with relevant DSS and Human Services staff and other stakeholders with an interest in DSP²⁸;
- reviewing relevant DSS and Human Services documentation, including examining a total of 506 Human Services customer records who had claimed DSP (450 grants and 56 rejections of DSP) and the records of a further 100 customers whose continued eligibility for DSP had been reviewed by Human Services. This examination included reviewing the approval processes and controls; and
- analysis of DSP data and information, including to gain insight into the numbers and trends in assessments, approval, rejection and appeal rates.

1.18 The audit was undertaken in accordance with the ANAO's auditing standards, at a cost of approximately \$631,340.

28 The ANAO invited feedback from 14 organisations on DSS's and Human Services' administration of DSP. It received feedback from six organisations (Commonwealth Ombudsman's Office, Job Services Australia, Mental Health Australia, National Disability Services, Social Security Appeals Tribunal and the National Welfare Rights Network).

Report structure

1.19 The structure of the report is outlined in Table 1.2.

Table 1.2: Structure of the report

Chapter	Overview
2. Assessment of eligibility for DSP	This chapter examines the processes for assessing the eligibility of individuals for DSP, including the conduct of Job Capacity Assessments. The qualifications and support provided to assessors and Human Services quality assurance processes are also examined.
3. Reviews and Appeals of Rejected Claims for DSP	This chapter examines Human Services' handling of internal reviews and appeals of decisions to reject claims for DSP.
4. Reviewing Ongoing DSP Recipient Eligibility	This chapter examines the processes for reviews of DSP recipients to confirm their ongoing eligibility for the payment.
5. Performance Monitoring and Reporting	This chapter examines the effectiveness of DSP processes that have been established by DSS and Human Services to provide effective oversight of the delivery of DSP and high quality Job Capacity Assessments.

2. Assessment of eligibility for the Disability Support Pension

Areas examined

This chapter examines the processes for assessing the eligibility of individuals for the Disability Support Pension (DSP)—including determination of impairment and work capacity and whether Job Capacity Assessments have appropriately assessed applicants' eligibility for DSP.

Conclusion

The ANAO found that the eligibility assessment process to qualify for DSP is complex. While Human Services' assessment of new claimants' eligibility was in keeping with underpinning legislation, policy and guidance, some aspects of the process and its oversight could be improved. In particular there is scope for Human Services to improve:

- the documentation of assessment decisions; and
- advice about program of support requirements and the potential referral of certain claimants to employment or other support services, consistent with current policy.

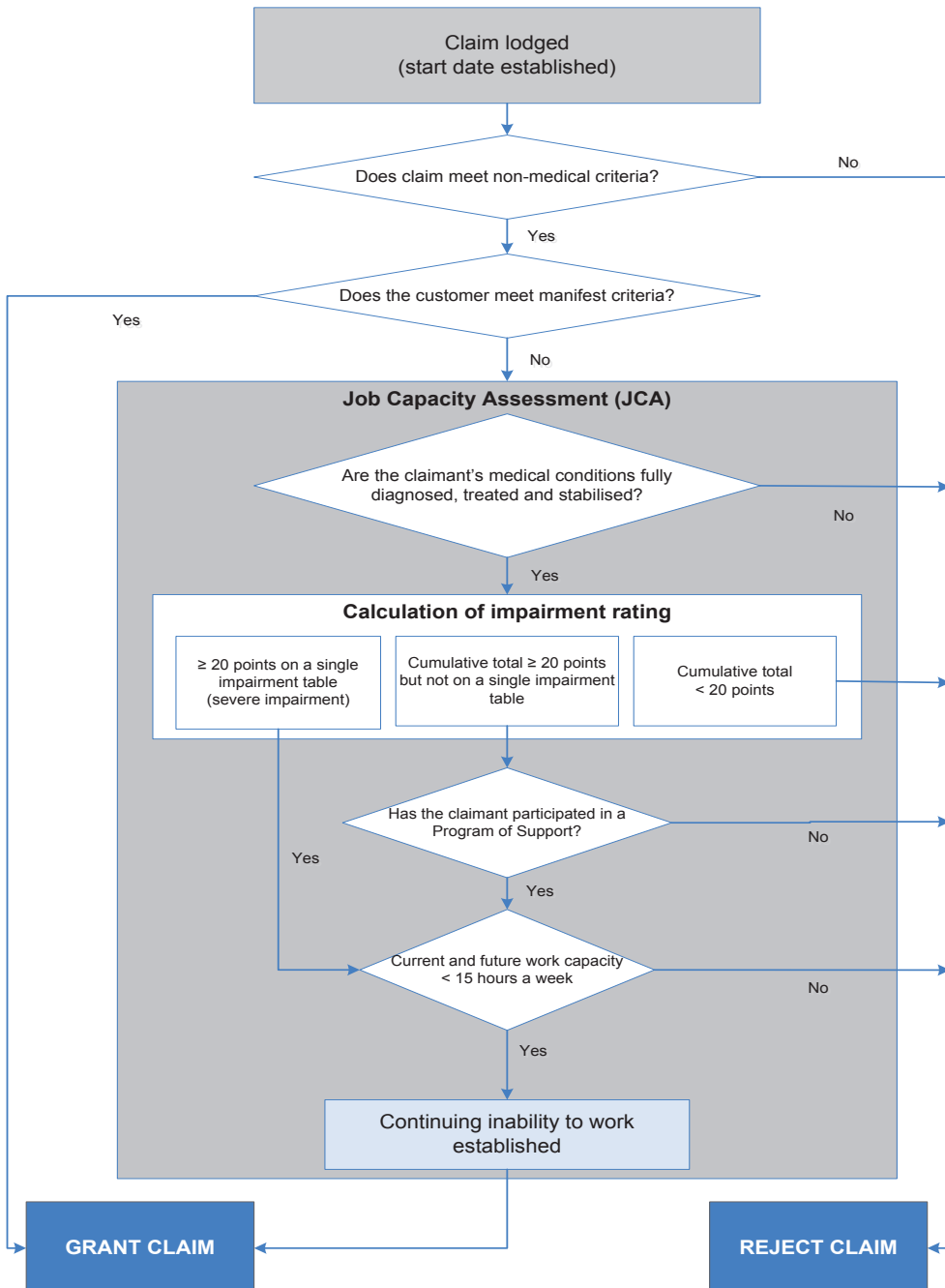
Area for improvement

The ANAO has one recommendation aimed at the documentation of decisions to grant DSP.

Introduction

2.1 The process for qualifying for the DSP (for individuals who do not meet the manifest criteria as noted in paragraph 1.11) requires Human Services to assess and rate the level of functional impact of a person's impairment and their continuing inability to work. The person must be unable, because of the impairment, to do any work of at least 15 hours per week (independent of a program of support), in the next two years. To meet the continuing inability to work requirements, a person whose impairment is not severe, must have also participated in a program of support. An overview of the DSP assessment process is shown at Figure 2.1.

Figure 2.1: DSP claim assessment process



Note: The assessment process shown in this diagram does not include the changes mentioned at Appendix 3 and which take full effect from 1 July 2015.

Source: ANAO analysis of Human Services information.

2.2 Human Services processed 141 747 new claims for DSP in 2013–14 and around 110 000 claims were referred to a Job Capacity Assessment as part of the DSP claim process. There were 57 918 claims granted or around 42 per cent of total claims received in that year.²⁹ Of rejected claims, nearly 80 per cent were rejected on medical grounds, with the reasons for rejection including:

- conditions not fully diagnosed, treated and stabilised (35.8 per cent);
- conditions attract less than 20 points on the impairment tables (34.0 per cent);
- failed to supply requested information (14.6 per cent); and
- did not meet program of support requirements (3.9 per cent).

2.3 The ANAO examined a sample of 450 grants of DSP to determine whether Human Services had conducted the Job Capacity Assessments in keeping with the legislation, policy and guidance which underpins DSP. The results of the ANAO's assessment are outlined below.

Has Human Services conducted eligibility assessments consistent with the legislation, policy and guidance?

The ANAO found that Job Capacity Assessments conducted by Human Services to: assess the permanence of medical conditions; rate impairments (against the impairment tables); and assess continuing ability to work, were conducted in keeping with the underpinning legislation and policy (and guidance). Assessments were in almost all cases supported by medical evidence. However, not all decisions or changes to Job Capacity Assessments by delegates were well documented against the requirements of the impairment tables. Documentation of decisions made at each step should be improved.

The requirement for certain people to participate in a program of support should be better communicated to those persons whose claims for DSP are rejected. Similarly persons who are granted DSP should be advised of any recommendations for possible future employment support that have been made by a Job Capacity assessor and, consistent with current policy, appropriate referrals made.

One recommendation is made in respect of these findings.

Assessment of the permanence of medical conditions

2.4 Each DSP claim referred for a Job Capacity Assessment requires the assessor (within Human Services) to make an assessment of whether the person's medical condition is 'permanent' as prescribed in the *Social Security (Tables for the Assessment of Work-related*

29 Department of Social Services, *Characteristics of Disability Support Pension recipients June 2014*, p. 34.

Impairment for Disability Support Pension) Determination 2011 (Section 6) and supporting guidance.³⁰

2.5 The ANAO found that assessors informed their assessment on the permanence of a claimant's medical condition using both medical reports³¹ and information provided by the claimant during interview. Assessor recommendations were mostly well supported by evidence. For the 450 grants of DSP examined, sufficient evidence was available for the assessment of 437 grants (97 per cent)³², which is consistent with Human Services' benchmark for 95 per cent of assessment reports to receive a quality rating of 'satisfactory or better'. Evidence was not apparent or recommendations not supported in a small number of cases.

2.6 In some instances, the Job Capacity Assessment report did not fully document the assessment with respect to conditions being fully diagnosed, treated and stabilised (because the reports did not indicate that the condition would persist for over two years). While the ANAO was satisfied that the medical reports supported the assessments satisfactorily, the supporting guidance to the Determination requires that decisions (which consider verbal information provided by claimants or medical practitioners) be documented.

2.7 The ANAO also observed that in practice Job Capacity Assessors use the term 'permanent' to distinguish a medical condition where the functional impacts are expected to persist for at least two years, from a temporary medical condition. Under the Determination a condition is only 'permanent' if it has been 'fully diagnosed, treated and stabilised' by an appropriately qualified medical practitioner. There would be merit in Human Services using terminology in Job Capacity Assessment reports that is consistent with the Determination.³³

Assessment of impairments

2.8 Job Capacity Assessments aim to identify a person's level of functional impairment resulting from medical conditions assessed as permanent.³⁴ Where assessors consider that a person's condition has been fully diagnosed, treated and stabilised, they rate the impairment using the points system in the impairment tables (Table 2.1). Assessors must take into account the functional impacts of the claimant's impairment and must consider all potential work

30 The *Guidelines to the Tables for the Assessment of Work-related Impairment for Disability Support Pension* provide Job Capacity Assessors with further explanation and case studies on the use of the Tables accessed at <http://guides.dss.gov.au/guide-social-security-law/3/6/3> on 6 October 2015. Operational guidance is also available to assist assessors in performing their role. 008.13010 - Conducting an Employment Services Assessment (ESAt)/Job Capacity Assessment (JCA) accessed at <http://www.humanservices.gov.au/spw/corporate/freedom-of-information/resources/disclosure-log/2013-01-10-guidelines-and-mandatory-requirements-for-jca.pdf> on 6 October 2015.

31 Medical reports included a formal medical report from a claimant's treating medical practitioner and reports from other medical practitioners, such as specialists and hospitals.

32 In some instances, the Job Capacity Assessment report did not provide a full justification for conditions being fully diagnosed, treated and stabilised (because the reports did not indicate that the condition would persist for over two years). However, the ANAO was satisfied that the medical reports supported the assessments and classified these as satisfactorily meeting the fully diagnosed, treated and stabilised criterion.

33 See Glossary for definition of 'fully diagnosed, treated and stabilised'.

34 Guide to Social Security Law, 1.1.J.10 Job capacity assessment, <http://guides.dss.gov.au/guide-social-security-law/1/1/j/10> [Accessed, 9 December 2014].

opportunities in the open labour market³⁵ in Australia, and not just those in the location of the claimant.³⁶

Table 2.1: Impairment ratings

Impairment rating	Description
0	No functional impacts on activities under the table.
5	There is a mild functional impact on activities under the table.
10	There is a moderate functional impact on activities under the table.
20	There is a severe functional impact on activities under the table.
30	There is an extreme functional impact on activities under the table.

Source: Social Security (Tables for the Assessment of Work-related Impairment for Disability Support Pension) Determination 2011.

2.9 The ANAO found that Human Services' assessments of impairments for the sample of grants were conducted in keeping with the Determination (and Guidance) using available medical evidence and information provided by claimants at interviews. Of the grants sampled:

- 423 grants (94 per cent) were assessed as having 'severe' impairments (an impairment rating of 20 or more points on a single table);
- two claims (0.4 per cent) were granted as manifest on review after initially being rejected; and
- 25 grants (5.6 per cent) were assessed as not having severe impairments (impairment ratings of 20 points, but not on a single table).

2.10 For almost all grants sampled by the ANAO:

- suitable tables were used (99.6 per cent or 448 grants);³⁷
- the tables were applied correctly (96.7 per cent of grants (433 grants)) to determine impairment ratings;³⁸ and
- sufficient evidence (in the form of medical reports) was available (97 per cent) to support the assessment. This result was consistent with Human Services' benchmark for 95 per cent of assessment reports to receive a quality rating of 'satisfactory or better'.

35 The open labour market is where a person is working at minimum wage in any enterprise. This contrasts with supported employment, which is employment provided by an Australian Disability Enterprise funded under the *Disability Services Act 1986*. Australian Disability Enterprises are commercial enterprises, which provide employment opportunities for people with disabilities, for whom competitive employment at or above the relevant award wage is unlikely; and who, because of their disabilities, need substantial ongoing support to obtain or retain paid employment.

36 An example to section 8 of the impairment tables states that: 'Unless specifically referred to by a descriptor in a Table, the following must not be taken into account in assessing an impairment: the availability of suitable work in the person's local community; English language competence; age; gender; level of education; numeracy and literacy skills; level of work skills and experience; social or domestic situation; level of personal motivation; or religious or cultural factors'.

37 In 28 grants, the previous impairment tables were used because, although the claim was granted after 1 January 2012, the claim had been lodged before that date.

38 There were nine claims where it was unclear whether correct tables had been used, six claims where incorrect tables had been used and the tables were not used in two claims.

2.11 The impairment tables list specific requirements that must be met for each impairment rating and assessment reports should demonstrate that these requirements have been met. In practice, the ANAO observed that there was some inconsistency in the way that assessors justified their impairment ratings:

- in 75 per cent of the assessment reports reviewed by the ANAO, impairment ratings decisions made against the requirements of the impairment tables were fully documented; and
- in the remaining 25 per cent of reports, the documentation of decisions could have been improved, for example, reports stated that the requirements for an impairment rating had been met, without reference to the impairment tables.

Assessment of Continuing Inability to Work

2.12 In assessing a person's continuing inability to work, an assessor must take into account the functional impacts of the claimant's medical conditions assessed as permanent. The assessment of a person's continuing inability to work requires judgement and experience to assess whether a person could, with support, increase their work capacity to 15 hours a week or more, within two years.³⁹ Assessors must take into account the functional impacts of the medical conditions, (using hourly bandwidths)⁴⁰ on work capacity at both the time of assessment (baseline) and within two years, with employment assistance and other interventions, and independent of an ongoing program of support.

2.13 Documenting the reasons for assessment decisions provides an assurance that decision making is in keeping with requirements set out in the legislation and guidelines. The ANAO found that most assessors provided a reasonable level of documentation to support their assessments. However, in around 13 per cent of reports⁴¹, assessments could have been better documented. They simply stated that, because of the person's medical conditions, the person did not have a capacity to work or that the assessor believed that the claimant would not attain the ability to work at least 15 hours per week within the next two years.

Assessment of program of support obligations

2.14 As part of the continuing inability to work test, people claiming DSP from 3 September 2011 who are not manifestly granted and who do not have a severe impairment, have needed to show that they have actively participated in a program of support. Active

39 In this respect Job Capacity Assessors also undertake Employment Services Assessments; this experience may contribute to their ability to make an assessment about a person's possible future work capacity.

40 Job Capacity Assessors will assess a job seeker's work capacity using five hourly bandwidths: 0–7 hours per week; 8–14 hours per week; 15–22 hours per week; 23–29 hours per week; and 30+ hours per week. Separate assessments are provided for fully diagnosed, treated and stabilised conditions only.

41 Around three per cent of grants were for claims made under Australia's international agreements with other countries for which different arrangements apply for the assessment of a person's continuing inability to work.

participation in a program of support is specified in the Determination and is taken to mean participation of at least 18 months within the past three years.⁴²

2.15 In 2013–14, 2840 persons granted DSP did not have a severe impairment (4.93 per cent of all grants). Of these, most (2763 or 97.3 per cent) had undertaken a program of support and 61 (2.1 per cent) had been exempted from participation in the workforce. In that year a further 3309 (3.9 per cent) claims were rejected because a person had failed to meet the program of support requirement.

2.16 In the sample of grants examined by ANAO, most individuals (425 or 94.4 per cent) were not required to have participated in a program of support because they had a severe impairment or were granted manifestly. A small number (22 or 4.9 per cent) had participated in a program of support and three (0.7 per cent) were exempt under the legislative Determination.⁴³ Of the grants where the person had participated in a program of support, in a small number of cases (three of the 22 grants) the assessor had inaccurately calculated the claimants' level of participation in the program of support. In 11 other cases the ANAO observed that the assessment reports did not detail how program of support requirements were met and simply stated that examination of the Employment Services System indicated that the requirement had been met.

Decisions of the delegate

2.17 While Job Capacity Assessors consider the severity of a person's medical conditions and the impact of those conditions on their ability to work, they do not decide whether a person should be granted DSP. Assessment reports provide an input to the decision making process and the assessor's recommendations can be varied by the Human Services delegate where appropriate. A small number of assessment reports in the ANAO sample (13 reports) included the following paragraph:

In determining eligibility for income support, Centrelink exercises delegations under the Social Security Act. Having regard to a range of information including the Employment Services Assessment and Job Capacity Assessment Report, the Centrelink delegate has varied the client's impairment rating or work capacity for this purpose. The Centrelink delegate has discussed this decision with the Job Capacity Assessor.

2.18 While acknowledging that changes have been made to the assessment report by the delegate, this wording does not indicate what changes were made to the impairment rating or work capacity of the client or the reasons for the changes. To provide clarity of the decision in

42 There are some exceptions to this, which are listed at Part 2 of the *Social Security (Active Participation for Disability Support Pension) Determination 2014* (and previously *Social Security (Requirements and Guidelines – Active Participation for Disability Support Pension) Determination 2011*).

43 Reasons comprised: 64 year old female recipient, close to Age Pension age, with a 30 year history as a cleaner, and so unable to benefit from a program of support; 64 year old male recipient who worked as a maintenance person at an aged care facility for over 20 years and unable to benefit from a program of support; given the severity of symptoms, the nature of his heart condition and the likelihood of further complications. One person who had undertaken a program of support had not completed the full 18 months participation, but the program of support provider advised that continued participation would not be beneficial.

such situations and to provide a better base for administrative review, there would be merit in clearly specifying the changes to the assessment report and the reasons for the changes.⁴⁴

Recommendation No.1

2.19 To provide full documentation of eligibility decisions, the ANAO recommends that Human Services:

- (a) review the guidance it provides to assessors on the level of detail to be included in Job Capacity Assessment reports, particularly for assessments of impairment ratings, a person's inability to work and program of support obligations; and
- (b) require delegates to clearly specify any changes they make to the Job Capacity Assessment reports.

Entity response: *Department of Social Services*

2.20 *The Department of Social Services agrees with this recommendation. The Department supports strengthening the documentation that underlies decision making for qualification of DSP, noting that the audit finds that DHS is undertaking assessments in keeping with legislation.*

Entity response: *Department of Human Services*

2.21 *The department agrees with this recommendation.*

2.22 *The department notes the audit found Human Services' assessment of new claimants' eligibility was in keeping with underpinning legislation, policy and guidance, and identified some areas where it could be improved. Importantly, the department notes the audit finding '... the ANAO was satisfied that the medical reports supported the assessments satisfactorily...', which supports that correct eligibility decisions were made by delegates.*

2.23 *The department regularly reviews and, where necessary, updates its guidance for staff. Given the complexity of the DSP assessment process, different aspects can be documented on different parts of a customer's record and work is underway to improve the central visibility of this information.*

2.24 *The department has in place processes for delegates to request changes to Job Capacity Assessment reports. The ability to edit reports after they are finalised is limited by the department's legacy information, communications and technology (ICT) systems. The department will take opportunities provided by changes to the ICT system to improve the level of detail recorded.*

44 This would be consistent with good practice in administrative law, which aims to provide for:

- decision making that is fair, high-quality, efficient and effective;
- individual access to review of both the merits and lawfulness of decisions and conduct;
- accountability for government decisions and conduct; and
- public access to information about government decisions and processes, and individual access to personal information held by the government.

Attorney-General's Department, *Australian Administrative Law Policy Guide*, 2001, p. 4.

Referrals to program of support and employment services

2.25 Where a person's claim is rejected for reasons unrelated to non-participation in a program of support (for example, residency or where a medical condition is not fully diagnosed, treated or stabilised), Human Services advises the person of the reason for the rejection of the claim.⁴⁵ However, the ANAO found no evidence that Human Services advised unsuccessful claimants of the possible need to participate in a program of support, despite guidance that they should do so. Where individuals are not advised of the requirements, it can have negative consequences on any subsequent claims for DSP. The Social Security Appeals Tribunal indicated to the ANAO that Human Services could do more to increase awareness of program of support requirements.⁴⁶ It is therefore important that Human Services make persons whose claims have been rejected aware of the program of support requirements.

2.26 When conducting assessments, Job Capacity Assessors consider and make recommendations on available support to improve a claimant's future employment prospects.⁴⁷ However, except for some persons under 35 years of age, DSP recipients are not required to accept a referral to a support provider. In some cases, assessors will facilitate a referral to an employment services provider directly. However, in cases where assessors recommended that future support be provided, the ANAO found no evidence that referrals had been made. Recognising also that, without intervention, a person is likely to remain on DSP for a long period, there would be merit in Human Services having arrangements in place to assure that referrals are made to employment service providers where this is recommended by the assessor as having the potential to assist in the claimant's return to the workforce.

Did Human Services have adequate arrangements in place to quality assure Job Capacity Assessments?

The ANAO found that Human Services' quality control framework for Job Capacity Assessments focuses on the capability of assessors, guidance and quality review.

Job Capacity Assessors' qualifications mostly aligned with the impairment tables relevant to a claimant's primary medical condition and/or contributing assessors were used. The ANAO observed a small number of instances where this was not the case and the decision was subsequently overturned on appeal, raising the possibility that, if a contributory assessor had been involved, the appeal might have been avoided.

2.27 Effective internal controls to assure the quality of decision making and arrangements to identify changes in payment recipients' circumstances help ensure people receive correct payments. The quality control framework for Job Capacity Assessments has three main

45 Rejection reasons are provided in the form of a letter advising the person of the delegate's determination. In addition, the person is advised of the outcome at interview. Human Services' guidance requires that a full record of the interview is kept.

46 The Social Security Appeals Tribunal also indicated that Authorised Review Officers continue to incorrectly state that an applicant who has not done a program of support for 18 months in the three years immediately prior to the date of claim for DSP, does not qualify without giving consideration to the other circumstances in which a person has actively participated in a program of support. However, the ANAO did identify claims where authorised review officers had considered these other circumstances.

47 To qualify for DES a person must be able to work at least 8 hours a week.

components focusing on capability of assessors, guidance and quality review, as summarised at Table 2.2.⁴⁸

Table 2.2: Quality control framework for Job Capacity Assessments

Element	Description
Capability	Human Services uses suitably qualified and experienced assessors to perform assessments, with specialist advice provided by health professionals.
Guidance, training and support	The provision of guidance and support to staff and Job Capacity Assessors to help them to process claims for DSP efficiently and effectively.
Quality assurance reviews of Job Capacity Assessment reports	The quality assurance reviews of assessment reports are undertaken by the team managers (and also by directors and a quality panel) of the assessors using a standard set of questions in a quality control tool.

Source: ANAO analysis of Human Services documentation.

Capability of Job Capacity Assessors

2.28 Section 1.1.J.70 of the *Guide to Social Security Law* states that an assessor's qualifications will generally align with the impairment table(s) relevant to a claimant's primary medical condition.⁴⁹ Where they do not align, a secondary contributing assessor holding a professional qualification that aligns with the relevant table(s) is expected to review the medical evidence and use of the impairment tables by the primary assessor and confirm the conclusions drawn by the primary assessor, in particular, the status of medical conditions, impairment ratings, work capacity and onward referrals.

2.29 As at 28 February 2015, Human Services employed 646 Job Capacity Assessors. The ANAO found that assessors mostly held relevant qualifications or a contributing assessor was employed to assist in the assessment. In the sample of 450 grants examined, assessments were conducted for 437 grants,⁵⁰ contributing assessors were employed in 51 per cent of claims and, in 14 instances (three per cent) of the grants sample, it was doubtful or unclear whether a suitable assessor had been engaged in the assessment. While contributing assessor requirements were being met in all but a few cases, where the requirement was not met, it potentially had negative consequences on claimants and may have resulted in unnecessary review action.

48 Human Services also uses Quality On Line to assess other aspects of the claims process. QOL is an internal quality control for payment correctness that was introduced in 2000 and applies to all Human Services income support payment processes, not specifically to DSP. The ANAO audited the QOL control for Centrelink payments in 2011–12 and conducted a follow-up audit in 2013–14. These audits found that there was scope to improve the operation of QOL by reviewing the underlying risk-based sampling approach and refocusing QOL towards higher risk activities and excluding or reducing the sampling of low-risk activities where administrative errors are less likely to occur.

49 *Guide to Social Security Law*, Version 1.2.08, released 10 November 2014, <<http://guides.dss.gov.au/guide-social-security-law/1/1/i/20>> [accessed 23 December 2014].

50 The remaining 13 grants were conducted by International Services for international claims. There were 14 international claims; a Job Capacity Assessment was conducted for one international claim because it was lodged in Australia.

Drawing on specialist advice

2.30 Assessors can obtain advice on complex cases or arrange for a specialist medical assessment where it is essential for completion of the report. The Health Professional Advisory Unit (the Unit) is a team of health professionals (including medical practitioners) in Human Services⁵¹ who provide advice, interpretation and clarification to assessors and other Human Services staff on a person's medical conditions and the impact of these conditions on their work capacity. In 2014–15, 621 referrals were made to the Unit in respect of new claims for DSP and 2993 for DSP related issues (see Table 2.3). The ANAO observed that Health Professional Advisory Unit staff primarily reviewed assessments on whether a medical condition was fully diagnosed, treated and stabilised and impairment ratings. In providing advice, Unit staff focused on the functional aspects of claimants' medical conditions, having regard to the available medical evidence.

Table 2.3: DSP Referrals to the Health Professional Advisory Unit, 2011–12 to 2014–15

Referral reason	Year			
	2011–12	2012–13	2013–14	2014–15
DSP referrals				
DSP new claims	1754	685	705	621
Assessments in progress	108	49	50	61
Appeals	1462	1444	1281	1084
DSP cancellations	324	778	773	540
DSP medical reviews in progress	66	59	134	108
DSP under 35 reviews	-	-	-	579
Total DSP referrals	3714	3015	2943	2993

Source: Human Services.

2.31 Assessors can also request specialist medical assessments. In 2013–14, of the around 110 000 assessments in that year, 2938 referrals were made to specialist medical assessors (2751 to Human Services internal specialist assessors, not necessarily in the Unit, and 187 to external specialists). Of these referrals, 2007 (or 68 per cent) related to the intellectual functioning or specific learning disabilities of a claimant.

2.32 The involvement of contributing assessors and the Health Professional Advisory Unit on more complex issues provided assurance that the correct assessments were being made. However, the ANAO found a small number of instances (seven) in the grants sample where Job Capacity Assessors had rejected claims on the basis of the medical condition, without consulting the Unit or contributing assessor, and the claims were subsequently successfully appealed.

51 Members of staff in the Unit are located throughout Australia and operate as a virtual team. In January 2015, there were around seven doctors, eight nurses, three clinical psychologists and a variety of other allied health professionals in the team, who provided advice on request. Human Services advised on 13 January 2015 that there was a core group of around 20 staff, and around 25 staff in the unit at any one time. Human Services also advised that around 50 per cent of the Unit's work involved the provision of support to Job Capacity Assessors, between 30 and 40 per cent of its work involved the provision of support to Authorised Review Officers and the remaining time was involved in supporting areas, such as the International Services Branch and Legal Services Branch.

Case study 1. Supporting advice not sought

The claimant's impairment was optic nerve atrophy. The assessor for this claimant was an Accredited Exercise Physiologist, who recommended the claimant was not medically eligible, without consulting a contributing assessor or the Health Professional Advisory Unit.

The claimant's agent requested information under Freedom of Information, which was granted, and an internal review by a subject matter expert changed the decision to grant the claim as manifest after additional medical information, which supported the original medical information, was provided. The original rejection decision may have avoided the need for a review, had there been a contributing assessor or had advice been provided by the Health Professional Advisory Unit.

Source: ANAO examination of DSP claims assessments.

Guidance, training and support

2.33 Policy guidance is provided to Human Services staff through the *Guide to Social Security Law* (managed by DSS), and through other documents, such as the guidelines on the use of the impairment tables. Human Services has developed a range of training products on assessment procedures, including training on DSP for access staff, the use of the impairment tables for Job Capacity Assessors and awareness training on disabilities such as mental health.

2.34 Human Services advised that assessors are expected to undertake annual refresher training and that all assessors have received training over the last year. Completion of training is monitored through the department's Learning Management System and as part of individual performance agreements. Assessors are also expected to comply with continuing professional development required to maintain their professional registration.

Quality assurance reviews of Job Capacity Assessment reports

2.35 Job Capacity Assessments are the primary mechanism for informing decisions on non-manifest grants of DSP. Quality reviews of assessment reports that focus on 'continuous improvement in quality processes and quality outcomes'⁵² are conducted for assessment reports and interviews. A total of 2724 such reviews were completed in 2013–14, representing a review rate of all assessments of 2.27 per cent.

2.36 Human Services' quality control findings indicated that, in 2013–14, 66 per cent of quality reviews (1793 out of a total of 2724 quality reviews) achieved a quality rating of excellent and 97 per cent (2636 reviews) achieved a quality rating of satisfactory or better. In one per cent of cases (28 reviews), the incorrect application of the assessment procedures adversely impacted on the accuracy of the assessment for income support purposes. Although this is a small percentage, the number is still sizeable in absolute terms because of the large number of claims received each year.

52 Human Services Assessment Services, Quality Assurance Report, Quarter 1, 2013–14, p. 1.

2.37 A key issue in determining the accuracy of assessments is whether a different assessor considering the same evidence would reach the same conclusion. At the time of the audit fieldwork, team leaders reviewed the assessments of their own staff. Following the fieldwork, Human Services advised that, to help assure the consistency of quality assurance reviews, it had implemented an impartial, independent quality review team that comprises a rotating panel of assessors.

3. Internal Reviews and Appeals of Rejected Claims for the Disability Support Pension

Areas examined

This chapter examines Human Services' handling of internal reviews and appeals of decisions to reject claims for the Disability Support Pension (DSP).

Conclusion

Around 20 per cent of Human Service decisions to reject DSP claims are reviewed. Human Services' key performance indicator for internal reviews in 2014–15 was to complete 70 per cent of the reviews within 49 days. In this regard the ANAO found that in 2014–15:

- the target was not met (58 per cent of reviews were conducted within 49 days);
- the average time taken to complete reviews was 70 days; and
- some reviews had taken up to 12 months to complete.

Many decisions were subsequently appealed to the former Social Security Appeals Tribunal and the Administrative Appeals Tribunal. There is the potential for reviews and appeals activity to be reduced by improving communication with appellants. In particular, by clearly explaining the basis for rejecting a claim initially so that applicants can make an informed decision on whether or not they should submit an appeal. Improving the appeals and review data captured by Human Services could enable Human Services and DSS to better understand the main reasons for successful appeals and could assist in improving the application processes and quality control frameworks.

Introduction

3.1 Where a claimant believes a decision to reject their claim for DSP was unfair or unlawful, they may in the first instance seek an internal review of the decision under the *Social Security (Administration) Act 1999*⁵³. Until 30 June 2015, if claimants remained dissatisfied, they could then apply to the Social Security Appeals Tribunal⁵⁴ for a review of the decision and, depending on the outcome, may further appeal to the Administrative Appeals Tribunal.⁵⁵

3.2 Reviews and appeals provide Human Services and DSS with an opportunity to continuously improve administrative arrangements and inform policy deliberations.

53 Commonwealth of Australia, *Social Security (Administration) Act 1999*, Part 4—Review of Decisions.

54 From 1 July 2015, the Social Security Appeals Tribunal joined the Administrative Appeals Tribunal as the Social Services and Child Support Division and individuals seeking appeal of a DSP decision must apply to that Division in the first instance, while retaining a right of further appeal to the General Division of the Administrative Appeals Tribunal.

55 On matters of law, there may also be scope for appeals to the Federal Court and, if granted special leave, to the High Court.

Are applications for review of DSP decisions managed in an effective, efficient and timely manner?

In 2013-14, Human Services finalised 23 898 internal reviews of a DSP decision. Review officers changed a total of 5645 (23.7 per cent) of the original decisions. Around 23 per cent of decisions were subsequently appealed to the Social Security Appeals Tribunal and the Administration Appeals Tribunal.

Review processes take time and may cause uncertainty for claimants. Human Services' key performance indicator for internal reviews in 2014-15 was to complete 70 per cent of the reviews within 49 days. This target was not met (58 per cent of reviews met the target). The average time taken to complete reviews was 70 days and some reviews took up to 12 months to complete. The ANAO observed in a sample of reviews selected across 2012 to 2014, that around 60 per cent were completed within 90 days and, on average, reviews took 111 days to complete.

Human Services advised during the course of the audit that it had implemented revised arrangements to improve timeliness and reduce the number of applications for internal review on hand. Human Services reported that their efforts in this regard had significantly reduced the number of outstanding reviews during 2014-15.

3.3 In 2013-14, 83 829 DSP claims were rejected (76 per cent on medical grounds) and, of these, 22.5 per cent were appealed. When an appeal is lodged, it is first examined by a subject matter expert and, subject to the outcome of that examination, a formal internal review may then be undertaken. In some cases, the subject matter expert may ask for a new Job Capacity Assessment to review any significant new evidence not taken into account in the original assessment, before a formal internal review of a claim is undertaken.

3.4 Formal internal reviews are undertaken by authorised review officers, who are senior and experienced officers, independent of the original decision to reject the claim. When conducting an internal review, authorised review officers consider the evidence on hand at the time the claim was rejected. The authorised review officers are not health professionals, but are trained in utilising internal resources, such as policy and legislation relating to the review types being undertaken, along with other resources such as those in the Health Professional Advisory Unit. As a part of the review process, the authorised review officers may also contact external health professionals (including treating doctors and psychologists) involved in the initial decision making process for clarification of medical evidence or the provision of additional medical evidence.

Outcomes of authorised review officer reviews

3.5 In 2013-14, Human Services finalised 23 898 internal reviews of a DSP decision.⁵⁶ Authorised review officers decided 19 531 reviews, (the remaining reviews being determined by the subject matter experts mentioned in the previous paragraph) and affirmed the original decision in 12 957 (63 per cent) of these reviews. The original decision was set aside in 3501 (18 per cent) reviews and in the remaining reviews were either withdrawn, varied or

56 These included requests for reviews or appeals lodged in previous years.

dismissed due to lack of jurisdiction. Human Services advised that a primary reason for this was the provision of new information or evidence. This suggests that there is scope for Human Services to take steps to ensure that claimants are aware of the information that they need to provide to establish a DSP claim.⁵⁷

3.6 For reviews undertaken by authorised review officers, a similar proportion of decisions were upheld on appeal to the Social Security Appeals Tribunal. In the *2014–15 Annual Report* Human Services reported that, in the three years 2011–12 to 2013–14, the Tribunal had changed an average of 2625 (24 per cent) authorised review officer review decisions annually across all payment types. There is a range of reasons why adverse decisions may have been changed by the Tribunal. One reason advised by the Tribunal for DSP was that:

Some [authorised review officers] wrongly conclude that no current medication or treatment by a specialist for a physical, intellectual or psychiatric condition means that the condition is not permanent even though it is long-standing and the general practitioner has said that no further treatment is planned.

3.7 At the time of the field work, Human Services did not undertake quality assurance assessments of authorised review officer reviews. However, the department has advised that, from July 2015, it implemented arrangements to review the decisions of authorised review officers. It has also advised that it has since required authorised review officers to consult assessors before changing decisions and to refer claimants for a Disability Medical Assessment before completion of the review, where the review officer is considering setting aside a decision to reject a claim on medical grounds.

Efficiency and timeliness of internal reviews

3.8 Review processes can take time and cause uncertainty for claimants. External stakeholders⁵⁸ consulted during the course of the audit reported that the timeliness of authorised review officer reviews presented difficulties for claimants. The Social Security Appeals Tribunal noted that the longer the delay in conducting an internal review, the more adverse the potential implications of not referring an applicant to a program of support, should they need to do so to qualify for DSP. The 2014 report of the Commonwealth Ombudsman into complaints about Human Services also identified delays in the completion of authorised review officer reviews as a particular source of complaints.⁵⁹

3.9 Human Services' key performance indicator for internal reviews in 2014–15 was to complete 70 per cent of the reviews within 49 days.⁶⁰ In this regard, 58 per cent of reviews across

57 DSP medical evidence policy requirements changed after the audit fieldwork was completed, see the *Guide to Social Security Law*, 3.6.2.10 Medical & Other Evidence for DSP. In support of the policy change, Human Services has advised that it has introduced detailed written explanations for all DSP claimants, setting out the type of medical evidence required to support their claim, what information needs to be included in the evidence, and specialist evidence requirements for certain conditions. Explanations to claimants are expected to be further changed under new online claim processes scheduled for implementation in 2016.

58 The Social Security Appeals Tribunal, the Commonwealth Ombudsman and the Welfare Rights Network.

59 Commonwealth Ombudsman, *Department of Human Services—Investigation into service complaints about Centrelink*, Report No. 14:01, April 2014, p. 53.

60 As a part of the indicator, subject matter experts have 14 days to undertake their review work, while authorised review officers are required to complete their component of the review within the remaining 35 days. During this time, additional medical evidence may need to be obtained.

all income support types met the Human Services target in 2014–15. However, the average time taken to complete reviews was 70 days and some reviews had taken up to 12 months to complete, with the longest review in 2014–15 lasting over 350 days.⁶¹ The ANAO observed, in a sample of DSP reviews selected from the period 1 January 2012 to 31 October 2014, that around 60 per cent were completed within 90 days and, on average, reviews had taken 111 days to complete.

3.10 Human Services advised during the course of the audit that it had implemented revised arrangements to improve timeliness and reduce the number of applications for review on hand. Improvements included: introducing a more flexible resource model to enable reviewers to transfer between teams and share the workload nationally; training additional subject matter experts and authorised review officers to undertake reviews; and developing standard operating procedures and upgrading systems to better automate workflow.⁶²

3.11 Human Services has also advised that it is considering further options to improve the timeliness of internal reviews in the light of a trial conducted in 2014. As part of the trial, an internal review by an authorised review officer did not commence until after the decision was fully examined, checked for correctness and the reasoning for the decision had been fully explained to the claimant by a designated member of the business area. The trial led to a reduction in the number of referrals to authorised review officers for formal reviews (31 per cent compared to the 67 per cent referral rate in 2013–14).⁶³ The results of this trial also indicated that there was scope for Human Services officers to better explain decisions to claimants.

Appeals to the Social Security Appeals Tribunal and Administrative Appeals Tribunal

3.12 A claimant who is not satisfied with the decision of an internal Human Services review has the option to appeal to the Social Security Appeals Tribunal and, if required, further appeal to the Administrative Appeals Tribunal⁶⁴. DSP-related appeals represent the highest proportions of social security-related appeals to both Tribunals. Social Security Appeals Tribunal data show a significant increase in the number of DSP decisions reviewed over the past four years. This increase may be the result of the measures to tighten DSP eligibility and assessment process. However, it may also be the result of the growing gap in payments rates for DSP recipient's as other working age payments.

3.13 In 2014–15, the Social Security Appeals Tribunal: reviewed 5651 decisions; affirmed 4100 (73 per cent) of the decisions made by Human Services; set aside 849 decisions (15 per cent); and varied 31 decisions (0.5 per cent). The remaining decisions were not reviewable, withdrawn or dismissed. Reviews of DSP decisions accounted for approximately 47 per cent of the decisions reviewed by the Tribunal for all income support payments (12 989) in 2014–15.⁶⁵ Across all

61 The oldest DSP case at 6 March 2015 was 175 days.

62 Human Services reported that these improvements had significantly reduced the number of outstanding reviews during 2014–15, from 14 471 (as at 28 November 2014) to 6462 (as at 20 November 2015).

63 Human Services, *Draft Evaluation of IRP trial and project recommendations*, Internal working document, 29 January 2015, p. 6.

64 On matters of law, there may also be scope for appeals to the Federal Court and, if granted special leave, to the High Court.

65 Social Security Appeals Tribunal, 2013–14 Annual Report, p. 10.

income support payments, the key reasons for making changes to decisions included: new information being available (44 per cent of the changes in decisions), errors of fact (31 per cent) and errors of law (11 per cent).⁶⁶ A summary of the results of appeals to the Social Security Appeals Tribunal over the past five years is provided at Table 3.1.

Table 3.1: Outcomes of DSP decisions to the Social Security Appeals Tribunal, 2010–11 to 2014–15

	2010–11	2011–12	2012–13	2013–14	2014–15
Applications received	2951	3446	4404	4437	6139
Decisions reviewed	2974	3315	4449	4613	5651
Decisions affirmed	1853	2070	3164	3320	4100
Percentage of Human Services reviewed decisions affirmed	62%	62%	71%	72%	67%

Source: Social Security Appeals Tribunal annual reports.

3.14 In 2014–15 the Administrative Appeals Tribunal finalised 2129 appeals of Human Services' decisions across all income support payments, or 32 per cent of all finalised appeals (6748). Of the 2129 finalised appeals, 1108 (52 per cent) were DSP appeals.⁶⁷ DSP appeals are the largest source of income support appeals to the Administrative Appeals Tribunal.

Does Human Services seek to improve the delivery of the Disability Support Pension through monitoring review and appeal activities?

Human Services has advised that it captures information on major appeals reasons and outcomes and shares these with staff in its network. More detailed data on the reasons for the changes in decisions from the internal review and appeal processes could improve the claims application process and quality control framework. It could also enable Human Services and DSS to better understand the main reasons for successful appeals.

There is also the potential for reviews and appeals activity to be reduced by improving communication with appellants, in particular, by more clearly explaining the basis for rejecting a claim initially so that appellants can make an informed decision on whether or not they should submit an appeal.

Monitoring of internal reviews and appeal outcomes

3.15 Human Services advised the ANAO (20 March 2015) that its Appeals Branch shares the outcomes of Social Security Appeals Tribunal decisions with the authorised review officer network. It has also recently started to upload decisions against customer records for ease of access/analysis for the original decision maker and front-of-house staff. In addition, Human Services is conducting further work to expand the communication of trends and/or reasons for stays and variations arising from Social Security Appeals Tribunal decisions, and it intends to develop a reporting tool to collect this information and provide intelligence to inform the business.

⁶⁶ Social Security Appeals Tribunal, 2014–15 Annual Report, p. 13.

⁶⁷ Administrative Appeals Tribunal, 2014–15 Annual Report, p. 144.

3.16 More detailed data on the reasons for the changes in decisions from the internal review and appeal processes (such as whether additional medical evidence was provided or whether the authorised review officer or Tribunal came to a different conclusion on the available evidence and, if so, why) would have the potential to provide valuable feedback to improve the claims process and quality control framework.

Using appeals information to improve the delivery of the Disability Support Pension

3.17 Reviews and appeals provide an opportunity to continuously improve administrative arrangements for DSP. Human Services advised that many internal review applications were being lodged unnecessarily. In many cases staff had not provided claimants with clear and concise reasons for the rejection of their claims. Subsequently, claimants lodged appeals against the decisions. Internal reviews had also been lodged automatically by staff in response to claimants who had indicated that they were unhappy about their claim rejection, and some claimants were unaware that their claim was under internal review. In response, Human Services was at the time of the audit implementing strategies to encourage staff to better explain rejection reasons, before moving the case into the review waiting list.

3.18 To improve communication to claimants and reduce unnecessary applications for review or appeal, it is important that Human Services clearly explain the basis for the rejection of an income support claim. A 2014 investigation by the Commonwealth Ombudsman into service delivery complaints about Human Services indicated that customers had ‘expressed frustration at receiving confusing, sometimes contradictory letters from Centrelink’.⁶⁸ In this regard, while Human Services has regularly reviewed its letters and provided oral feedback to claimants on the outcome of their claims, the audit observed that there remained scope to improve the clarity of grant and rejection letters. Better explanations could also be provided about the reasons for rejected claims.

68 Commonwealth Ombudsman, *Department of Human Services—Investigation into service complaints about Centrelink*, Report No. 14:01, April 2014, p. 2.

4. Reviewing Ongoing Disability Support Pension Recipient Eligibility

Areas examined

This chapter examines the processes for reviews of DSP recipients to confirm ongoing eligibility and whether these reviews were appropriately targeted.

Conclusion

Human Services undertakes a range of review activities for income support payments including risk based compliance reviews and serious non-compliance reviews and investigations, and Random Sample Survey Reviews. The ANAO found that the level of review activity varied in volume and effectiveness across each review type and from year to year.

The overall level of activity undertaken each year to confirm ongoing eligibility of DSP is significant—79 151 reviews were undertaken in 2014–15. However, the number of cancellations and payment reductions arising from this activity is relatively low. Further, the possibility of a DSP recipient being required to undergo a medical assessment as part of a compliance review was also low—just 3841 medical reviews (5 per cent) of DSP recipients reviewed in 2013–14, falling to 721 reviews in 2014–15. In 2014–15 a Budget measure was introduced to fund 28 000 reviews of DSP recipients under-35 years of age. As a result, recipients who fall outside the Budget measure criteria are unlikely to be reviewed and may continue receiving DSP even though their medical conditions no longer justify it.

While reviewing the entire stock of DSP recipients would be expensive and ineffective for some groups, Human Services could improve targeting of medical reviews for compliance activities, including by drawing on medical and impairment risks identified during the claims processes. This approach would be consistent with the view of the Productivity Commission that DSP reassessments need to be sufficiently frequent that they reflect the foreseeable needs of individuals.

Areas for improvement

The ANAO has two recommendations aimed at restoring the level of medical review activity within compliance reviews and targeting of activity towards recipients identified as having a reasonable prospect that their medical conditions may become less severe after two years.

Introduction

4.1 Human Services undertakes a significant level of review of payment eligibility and compliance across all income support types. Each year around 68 000 DSP recipients have their eligibility for payment reviewed and as a result around 6600 individuals have their payments reduced or cancelled. These reviews can include a review of an individual's medical conditions. In addition, from 1 July 2014 certain DSP recipients aged less than 35 (and granted DSP between 2008 and 2011 with working capacity of eight hours or more) were required to have their

eligibility and payments reviewed under the new impairment tables that came into effect on 1 January 2012.⁶⁹

4.2 To complement the review activity, Human Services has early intervention and prevention practices in place. These practices help to ensure that DSP recipients receive their correct entitlements and meet their obligations and responsibilities and do not incur unnecessary debts. Practices include targeted education strategies and involve early contact with recipients through letters and SMS messages to remind them of their obligations and to prompt self-correction. Human Services also works with recipients to resolve compliance issues due to genuine mistakes and to prevent debt accumulation. When there is deliberate fraud, offenders may be prosecuted.⁷⁰

How many DSP recipients are identified for continuing eligibility review and how effective are these reviews?

The ANAO found that each year Human Services conducts a large number of reviews of continuing eligibility for DSP through the conduct of risk based compliance reviews, serious non-compliance reviews and random sample survey reviews. The effectiveness of this review activity varies across each review type and from year to year.

However, even though medical grounds are the most likely reason (76 per cent) for an individual having their claim for DSP rejected, only 5 per cent of DSP recipients who were reviewed in 2013–14 had their medical conditions reviewed. Human Services reduced medical review activity (as part of compliance reviews) to just 721 reviews in 2014–15. In 2014–15 a Budget measure was introduced to fund 28 000 reviews of DSP recipients under-35 years of age. As a result, recipients who fall outside the Budget measure criteria are unlikely to be reviewed and may continue receiving DSP even though their medical conditions no longer justify continued receipt of the payment.

4.3 Human Services' review framework for income support payments, including DSP, consists of risk-based reviews (compliance reviews and service update reviews), serious non-compliance investigations and random sample survey reviews. Risk-based reviews are targeted at income support recipients who are at greater risk of no longer meeting eligibility requirements for their payment, including due to increased income or assets or increased hours of employment.⁷¹ Two types of risk based review are conducted—compliance reviews (which are part of Human Services' formal compliance program) and service update reviews (which are not part of the formal

69 Recipients exempt from the review include people who: were granted under the manifest criteria; have an assessed work capacity of zero to seven hours; are paid under an international agreement; and are eligible under the 'no future work capacity' portability provisions.

70 Department of Human Services, *Annual Report 2013–14*, Canberra, 2014, p 151.

71 Risks are identified using data matching, risk profiling and public tip-offs:

- risk profiling—using recipients' profiles to assess the risk of an incorrect payment having occurred;
- data matching—cross referencing Human Services data with the records of other Australian Government entities, state and territory governments, financial institutions and employment service providers; and
- tip-offs—in 2013–14 Human Services received 52 942 tip-offs from its Fraud Tip-off Line and 51 134 tipoffs from other sources. Department of Human Services, *Annual Report 2013–14*, Canberra, 2014, p 144.

compliance program, but are triggered by service profiling and actioned by processing staff). By contrast, serious non-compliance investigations arise when a recipient is found to have failed to fully declare their circumstances and random sample surveys provide checks on the correctness of payments across all income support types.

4.4 In 2014–15 Human Services reviewed around ten per cent of the DSP population for compliance and payment correctness. The type and number of reviews conducted are shown at Table 4.1.

Table 4.1: Reviews undertaken of total Disability Support Pension population 2013–14 and 2014–15

Review type	2013–14		2014–15	
	Number conducted	Percentage of population	Number conducted	Percentage of population
Compliance reviews	58 247	7.1 %	64 913	7.8%
Service update reviews	5 832	0.7 %	11 240	1.4%
Serious non-compliance reviews	976	0.1 %	703	0.1%
Random Sample Survey reviews	2 757	0.3 %	2 295	0.3%
Total annual reviews	67 812	8.2 %	79 151	9.5%

Source: ANAO

Risk based compliance reviews

4.5 Compliance reviews⁷² undertaken in 2014–15 for DSP resulted in the cancellation of 1658 recipients' payments (2.6 per cent) and a reduction in payment for 5115 recipients (7.9 per cent). A total of \$39 528 393 in debts was raised through 10 667 (16.4 per cent) reviews—an average debt of \$3791 per person. In comparing the result with the three previous years, the ANAO found that, although the volume of compliance reviews had almost doubled, the number of payment cancellations declined from 1881 to 1658 and the percentage of reviews resulting in payment reductions declined from 14 per cent to 7.9 per cent on 2011–12 levels. The results of the compliance reviews for the years 2011–12 to 2014–15 are outlined in Table 4.2.

72 Compliance reviews are conducted over each of the 14 Human Services payment types including DSP.

Table 4.2: Outcome of Disability Support Pension compliance reviews completed—2010–11 to 2014–15

Year	Reviews completed	Cancellations		Payment reductions		Debts raised	
	Number	Number	Value \$	Number	Value \$	Number	Value \$
2010–11	39 489	1 267	805 684	4 956	1 928 121	16 379	39 218 312
2011–12	32 468	1 881	1 274 658	4 563	2 226 523	9 647	31 119 441
2012–13	67 304	1 799	1 242 446	5 896	2 301 263	9 638	25 744 310
2013–14	58 247	1 659	1 203 511	5 394	2 355 859	10 445	39 597 827
2014–15	64 913	1 658	1 245 151	5 115	2 516 872	10 667	39 528 393

Source: Human Services.

Service update reviews

4.6 Over the four years 2011–12 to 2014–15, the effectiveness of the service update reviews has varied. The number of service update reviews conducted has declined significantly since 2011–12 (see Table 4.3), with only 20 cancellations and 33 debts raised in 2014–15. The outcomes (numbers of cancellations, payment reductions and debts raised) appear low and suggest that Human Services could review its risk targeting and allocation of resources to determine if an improved result could be achieved.

Table 4.3: Service update review results, 2011–12 to 2014–15

Year	Reviews completed	Cancellations		Payment reductions		Debts raised	
	Number	Number	Value \$	Number	Value \$	Number	Value \$
2011–12	29 489	234	154 977	2 498	460 867	3 724	2 704 566
2012–13	11 419	200	132 714	894	274 335	851	954 560
2013–14	5 832	75	54 147	286	134 825	135	292 926
2014–15	11 240	20	16 117	193	79 379	33	11 468

Note: These data show results of all service profiling reviews undertaken as a part of both the compliance program and as a part of Human Services' daily management activities.

Source: Human Services.

Serious non-compliance investigations and reviews

4.7 The Productivity Commission's 2011 inquiry report, *Disability Care and Support*⁷³, noted that, while Human Services had implemented increasingly sophisticated measures for detecting fraud and undisclosed changes of circumstances for all welfare benefits, there were relatively few cases of convictions for fraud involving DSP. It concluded that the reason for this was that most people on DSP had impairments that genuinely adversely affect their employment prospects.

73 Productivity Commission, *Inquiry Report No. 54—Disability Care and Support*, Appendix K, Canberra, July 2011. p. K.16. Available from: <http://www.pc.gov.au/inquiries/completed/disability-support/report/35-disability-support-appendixk.pdf>.

4.8 Serious non-compliance investigations and reviews arise when a DSP recipient is found to have failed to fully declare their circumstances or have provided false or misleading statements to Human Services or to treating medical professionals.⁷⁴ Recipients are selected for an investigation when a high likelihood of criminal conduct has been identified.⁷⁵ Investigations may arise from the application of proactive targeting methodologies, and the assessment of available third party data and public information tipoffs.

4.9 In 2014–15 Human Services undertook 703 serious non-compliance investigations and reviews. The results of these reviews for the years 2011–12 to 2014–15 are outlined in Table 4.4.

Table 4.4: Outcome of serious non-compliance investigations and reviews completed—2011–12 to 2014–15

Year	Completed	Cancellations		Payment reductions		Debts raised	
	Number	Number	Value \$	Number	Value \$	Number	Value \$
2011–12	10 136	44	29 973	167	59 295	452	8 672 837
2012–13	577	38	26 447	115	50 718	373	8 133 331
2013–14	976	74	55 057	206	100 811	807	17 231 782
2014–15	703	81	58 585	203	99 355	591	12 405 303

Source: Human Services.

4.10 While the number of investigations and reviews for serious non-compliance was reduced substantially from 2012–13, the outcomes from the reviews in terms of payment cancellations and reductions were better than in 2011–12. In this regard, Human Services advised that:

- a significant number of investigation resources were diverted to assist with the various emergency responses during 2010–11. As a result 9025 DSP tip-offs received during this period were finalised as ‘Present Rate to Continue’ in 2011–12 without further investigation or review. However, where appropriate, recipients were sent letters advising them of their responsibilities; and
- following the introduction of a second layer of management oversight—the Operational Management Committee—to evaluate cases for investigation, overall numbers for investigation and review were reduced as selection criteria were refined to target the most serious and fraudulent matters as opposed to general non-compliance activity.⁷⁶

74 In this regard, serious non-compliance risks include collusion between health professionals, facilitators, and potential recipients/recipients to achieve medical qualification for DSP.

75 Human Services seeks to conduct investigations in accordance with the Australian Government Investigation Standard (AGIS), including the oversight of the Operational Management Committee (OMC) at critical decision points of the investigation. Where instances of non-compliance are identified but are unlikely to be referred to the Commonwealth Director of Public Prosecutions, reviews are still undertaken to ascertain if payments received by the recipient have been accurate.

76 Human Services has also advised that better targeting based on these selection criteria for risk of serious non-compliance has meant that the efficiency of debt identification and recovery was higher for a much smaller number of investigations.

Reviewing medical conditions

4.11 Although the overall level of compliance review activity undertaken by Human Services each year is significant, the likelihood of a DSP recipient being medically reviewed is low. This is despite the fact that medical grounds are the most likely reason for an individual having their claim for DSP rejected. As a result, it is possible that some recipients may continue receiving DSP even though their medical conditions no longer justify continued receipt of the payment.

4.12 Medical reviews occur as part of a compliance review when certain triggers are raised by the risk assessment.⁷⁷ Many DSP recipients are exempt from review.⁷⁸ While the revised impairment tables apply to medical reviews,⁷⁹ different DSP qualification criteria apply depending on when a recipient was first granted DSP. For example, a person with a DSP start date on or before 10 May 2005 qualifies and continues to be reviewed against 30 hour continuing inability to work rule, but using the new impairment tables.

4.13 In 2013–14, there were 3841 compliance and service update reviews that included a medical review, or just 6 per cent of the 67 812 compliance and service update reviews conducted for DSP.⁸⁰ In 2014–15, medical review activity levels were further reduced and only 721 reviews were conducted.⁸¹ Human Services advised that, although it reduced the number of medical reviews, it continued to undertake compliance reviews targeting other risks such as earned income, because it considered that these were more effective.

4.14 The outcomes of medical reviews conducted in the three years from 2011–12, are shown at Table 4.5. Outcomes from medical review activity have varied year on year, with an improved result in 2014–15.

77 These factors include increased hours of employment; increased income from employment; no other income support immediately before DSP; impairment rating of null or <20 and non-manifest; receiving Pensioner Education Supplement; regular travel overseas; targeting of specific medical conditions; Customer Service Adviser identified circumstances warranting a review (internal office referral). Medical reviews may take the form of reviewing updated medical evidence provided by the customers or through the conduct of a Job Capacity Assessment.

78 Recipients exempt from the review include people who: were granted under the manifest criteria; have an assessed work capacity of zero to seven hours; are paid under an international agreement; and are eligible under the 'no future work capacity' portability provisions.

79 Recipients issued an assessment notice to participate in a medical review prior to 1 January 2012 have their eligibility for DSP assessed using the pre-1 January 2012 Impairment Tables. SS Guide 3.6.3 Guide to the Tables for the Assessment of Work-related Impairment for DSP accessed 8 November 2015 <http://guides.dss.gov.au/guide-social-security-law/6/2/5/03>.

80 However, 3841 (65.8 per cent) of the 5832 service update reviews of DSP recipients in 2013–14 proceeded to a medical review.

81 Reviews of under 35 year olds are excluded from this figure see paragraph 4.15 and are excluded from Table 4.5.

Table 4.5: Disability Support Pension medical reviews conducted for risk based compliance

	2011–12	2012–13	2013–14	2014–15
Completed reviews	14 695	3 362	3 841	721
Number cancelled	218	195	79	81
Number suspended	90	53	68	21
Total cancelled and suspended	308	248	147	102
Percentage cancelled and suspended	2.1%	7.4%	3.8%	14.1%

Source: Human Services.

Reviews of under 35 year olds

4.15 As part of the 2014-15 Budget measure⁸² (noted in Appendix 3), around 28 000 DSP recipients are expected to have their qualification for DSP comprehensively reviewed against the revised impairment tables, and an assessment of their work capacity determined, between 1 July 2014 and 31 December 2015. Around five per cent (1400) of recipients under 35 years of age were expected to have their DSP cancelled following the review, equating to annual savings of approximately \$56.5 million over two years. From 5 January 2015, DSP recipients were also assessed for evidence of having actively participated in a program of support. Depending on their circumstances, if they have not participated in a program of support, they are required to do so, with payment of DSP continuing contingent on their participation in a program of support. There are no debts raised under either measure and, if recipients seek a review, they have an ongoing right to payment pending the outcome of that review.

4.16 Human Services expenses allocated to the medical review program for under 35 year olds and the participation interviews are shown at Table 4.6.

Table 4.6: Disability Support Pension under 35 year olds review expenses

Expense	2013—14	2014—15	2015—16	2016—17
DSP compulsory participation requirements for recipients aged less than 35 years.	\$356 000	\$5 853 000	\$3 295 000	\$2 152 000
Review of recipients aged less than 35 years.	\$373 000	\$12 598 000	\$8 454 000	-

Source: Human Services, *Portfolio Budget Statements*, 2014–15, Canberra, p. 27.

4.17 As of October 2015, Human Services had initiated 24 504 reviews of DSP for under 35 years olds and completed a total of 18 742 reviews. Completed reviews had resulted in the cancellation of 2562 payments, equating to 13.7 per cent, higher than the five per cent of cancellations initially anticipated under the measure. However, the decisions are appealable and,

82 At Budget 2014–15 the Government provided a total of \$46.4 million over five years from 2013–14 to review, against current eligibility criteria, Disability Support Pension (DSP) recipients aged under 35 years who were granted DSP between 1 January 2008 and 31 December 2011. Recipients who are granted continued eligibility following this review will be required to complete a programme of activities to build their work capacity. The measure will terminate on 30 June 2019. Recipients granted DSP before 1 January 2008 or who have a severe impairment with work capacity assessment of less than eight hours a week are exempt.

as at 30 October 2015, Human Services had received 1448 requests for review, which equates to 56.5 per cent rate of cancellations. There is a financial incentive to appeal decisions to cancel DSP because, under Sections 131 and 145 of the *Social Security (Administration) Act 1999*, recipients may continue to receive DSP pending the outcome of the appeal.

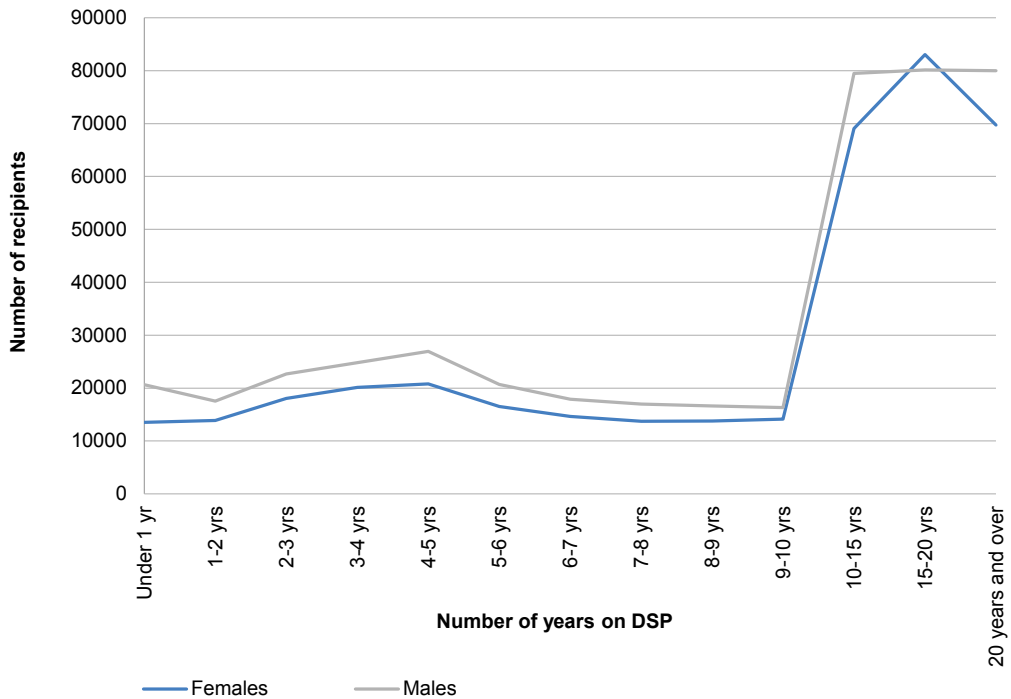
Are the outcomes from the initial Job Capacity Assessment and delegates decisions used to inform the timing of continuing eligibility reviews for individuals?

Under current legislation and policy settings, Job Capacity Assessments remain current and valid for two years. The ANAO found that most DSP recipients never have their eligibility reviewed. This is the case even where a delegate may have indicated that an individual should have a periodic review. As a result, recipients may continue receiving DSP even though their medical conditions no longer justify continued receipt of the payment.

Reviewing the entire stock of DSP recipients would be expensive and ineffective for some groups, however, without increasing the overall number of reviews, there is scope for Human Services, supported by DSS, to improve the efficiency of the current review process and to apply new and more effective targeting of recipient medical reviews. This approach would be consistent with the view of the Productivity Commission that DSP reassessments need to be sufficiently frequent that they reflect the foreseeable needs of individuals.

4.18 To provide DSP recipients with the greatest chance of employment, and to reduce the number of recipients being supported by DSP for a large part of their working life, it is important that recipients whose circumstances or medical conditions improve are identified early and encouraged to enter or re-enter the workforce. Data show that a high proportion of people have been in receipt of DSP for over ten years. The number and duration of recipients on DSP is shown in Figure 4.2.

Figure 4.1: Number and duration of Disability Support Pension recipients



Source: Social Services, *Characteristics of Disability Support Pension Recipients*, Canberra, June 2013. p. 40.

4.19 Under current legislation and policy settings, assessments remain current and valid for two years.⁸³ Beyond this time the person's qualification stays in place until they are reviewed.⁸⁴ However, as noted in paragraph 4.11, most DSP recipients never have their medical condition reviewed. The ANAO observed that Job Capacity assessors often indicate, in their assessment that a person's medical conditions are fully diagnosed, treated and stabilised, that they consider that the conditions are such that the individual will be unable to work or participate in training in the coming two years. Some delegates in their written decisions to grant payments also noted the need for periodic medical reviews of the recipient's continuing entitlement, although Human Services advised that this does not often occur.

4.20 The Productivity Commission in its 2011 report on *Disability Care and Support*⁸⁵ noted that a balance needs to be struck with respect to conducting reassessments. Reassessments need to be sufficiently frequent that they reflect the foreseeable needs of individuals, yet not be so frequent as to leave people with the sense that they are perpetually being assessed. Reviewing the entire stock of DSP recipients would be expensive and ineffective for some groups, however,

83 Assessments remain current and valid for two years unless there is a significant change to a person's circumstances that affects their level of functional impairment and work capacity.

84 A person remains on payment while being reviewed. At the end of the review the delegate will determine if recipient is still eligible or not.

85 Productivity Commission, *Disability Care and Support*, Productivity Commission Inquiry Report Volume 1, No 54, 31 July 2011, p. 329.

there is scope for Human Services, supported by DSS, to improve the efficiency of the current review process and to apply new and more effective targeting of recipient medical reviews.

4.21 To qualify for DSP a person only has to have a continuing inability work for up to two years. Recognising that the severity of those conditions can change, a priority should be to target review efforts towards recipients whose medical conditions have a greater prospect of improvement within a reasonably short period of time, such as two to five years. Such an assessment could usefully add to the suite of risk factors currently used by Human Services for its compliance and service update reviews. This would also increase the percentage of risk-based reviews that require a medical review and would be consistent with the Productivity Commission's view that reassessments be sufficiently frequent that they reflect the foreseeable needs of individuals.

Recommendation No.2

4.22 To improve the efficiency and effectiveness of the current review process, the ANAO recommends that Human Services, in cooperation with DSS, include options in its risk profiling to better identify recipients whose medical conditions have a greater prospect of improvement.

Entity response: *Department of Social Services*

4.23 *The Department of Social Services agrees this recommendation. DHS has responsibility for undertaking reviews of DSP recipients to ensure payment integrity. The Department acknowledges that, for some people, health conditions may improve over time, potentially increasing their ability to work. There is a risk that these people may stay on payment despite potentially no longer meeting medical qualification requirements, unless they are reviewed. The Department supports strengthening the service profiling medical review program to manage this risk.*

Entity response: *Department of Human Services*

4.24 *The department agrees with this recommendation. The department has a well-established and sophisticated risk-based approach to ensuring it maximises the effective use of available resources across the broad range of payment review and compliance activities undertaken each year. On a regular basis the department considers and, where appropriate, updates elements of this work, including the service profiles used for each review activity. The most recent example of updating the service profiles for DSP medical reviews was in December 2014, and initial results show improved outcomes regarding suspensions and cancellations.*

5. Performance Monitoring and Reporting

Areas examined

This chapter examines whether the performance and assessment processes for DSP are effectively measured, monitored and reported by DSS and Human Services.

Conclusion

The audit found that scope exists for more complete and meaningful performance measures and reporting for DSP. DSS reports DSP performance against a range of population characteristics and volume data to assist in managing DSP administered outlays and forecast expenditure. Commentary on factors which influence program performance is included in the 2013–14 annual report, which attributed changes in DSP grants to changes in DSP assessment processes. However, supporting evidence is limited and the timing of the fall indicates that other factors are also likely to have impacted on flows into DSP across the period.

DSS reports little information on the sustainability of DSP or its service delivery, and Human Services only reports data on total volumes of grants and policy changes in a financial year. A stronger focus on measuring the quality of decision making would better position DSS to evaluate operational efficiency and identify where service improvements could be made.

Since the introduction of the revised impairment tables in 2012, the proportion of rejected claims has grown markedly. An advisory committee report produced prior to the implementation of the revised impairment tables had recommended that the tables be reviewed and evaluated. However, at the time of the audit, DSS had not yet undertaken a review or evaluation of the tables. Doing this would provide for policy adjustment or alignment (if required) and would provide assurance of whether the current results are in keeping with legislation. Furthermore the nature of the current performance information limits the department's ability to inform government in relation to the cost benefit of the eligibility processes and the likely impact of any further changes to the impairment tables.

Areas for improvement

The ANAO has two recommendations aimed at improving performance information and identify further opportunities for improvement in the administration of DSP.

Introduction

5.1 The government's reporting framework requires entities to identify and report against the programs that contribute to each of the government's identified outcomes over the Budget and forward years, with the aim of clearly demonstrating the achievements against program objectives. Central to this framework is the development of clearly specified outcomes, well defined program objectives, deliverables and appropriate key performance indicators to assess the impact of the program.⁸⁶

86 The reporting framework has recently changed as a result of the introduction of the Public Governance, Performance and Accountability Act 2013. New guidelines in relation to performance reporting were introduced from 1 July 2015.

5.2 While Human Services provides service delivery for the DSP (as described in chapters 2 to 4), overall responsibility for the policy underpinning DSP and its administration is vested in DSS. DSS is therefore responsible for measuring and reporting of the performance of DSP as a program.

How effective was the performance of DSP measured, monitored and reported by DSS?

DSS reports performance against a range of population characteristics and volume data to assist in managing DSP administered outlays and forecast expenditure. Commentary on factors which influence program performance is included in the 2013–14 annual report, which attributed changes in DSP grants to changes in DSP assessment processes. However, supporting evidence is limited and other factors, such as changes in eligibility for other payments, in particular the increase in Age Pension age, are likely to have impacted on flows into DSP across the period.

DSS reports little information about the sustainability of DSP or its service delivery, and Human Services only reports total volumes of Job Capacity Assessments conducted in a financial year. A stronger focus on measuring the quality of decision making would better position DSS to evaluate operational efficiency and identify where service improvements could be made.

5.3 DSS's 2015–16 Portfolio Budget Statement shows that DSP contributes to:

Outcome 1: Social Security, Financial support for individuals and families who are unable to fully support themselves by providing a sustainable payments and concessions system.

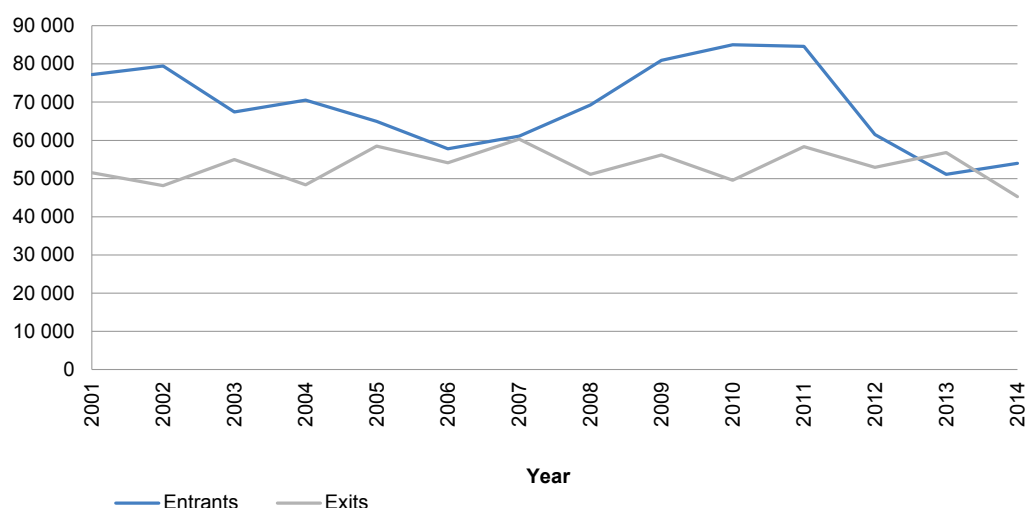
5.4 Twelve programs contribute to the achievement of Outcome 1, with DSP identified as an 'administered item' under Program 1.8—Income Support for People with Disability. DSS defines deliverables for Program 1.8⁸⁷ as:

'Payments are made through the Department of Human Services to eligible claimants under the provisions of social security law.'

5.5 A range of key performance indicators are provided and the Statement notes that an agreement is in place with Human Services for the delivery of the payment. DSS reports performance against the indicators in its annual reports. It also provides commentary on factors which influence program performance in a given year. Its 2013–14 annual report notes that the department had continued to make changes to DSP assessments and that, over the previous past five years, those measures had resulted in the proportion of DSP claimants granted payment dropping from an average of 63.9 per cent in 2009–10 to 40.7 per cent in 2013–14, a decrease of about 20 percentage points in that period.⁸⁸ The fall in the grant rate can be seen in the flow of DSP entrants and exits as shown at Figure 5.1.

87 *Portfolio Budget Statements 2015–16, Social Services Portfolio*, Budget Related Paper No 1.15A, p. 66.

88 Department of Social Services, *Annual Report for 2013–14*, p. 68.

Figure 5.1: Entrants and exits from the Disability Support Pension, 2001 to 2014

Source: Department of Social Services, *Characteristics of Disability Support Pension Recipients*, June 2014.

5.6 Entrants to DSP grew after the introduction of *Welfare to Work* reforms (as noted in paragraph 1.7) and with the increase in the Age Pension age (for women).⁸⁹ The volume of new entrants started to fall from early 2011, just before the changes to the assessment process (which tightened the eligibility process and introduced the program of support requirement) between mid-2011 and early 2012.⁹⁰ While the reduction in the grant rate may be due to the impact of the recent reforms, the timing of the fall indicates that it may also be due to other factors.

Performance against key performance indicators

5.7 DSS's performance against the key performance indicators it has identified for DSP is set out in Table 5.1.

Table 5.1: Income Support for People with Disability — key performance indicators

Disability Support Pension	2011–12	2012–13	2013–14	2014–15
Duration on payment ^a	649 weeks	673 weeks	691 weeks	715 weeks
Percentage and number of recipients reporting employment income	8.4% (69 895)	8.3% (68 437)	8.2% (67 684)	8.2% (66 506)
Percentage and number of recipients on part rate due to the means test	19.3% (159 372)	18.6% (152 516)	17.9% (148 362)	17.5% (142 654)
Number of recipients	827 460	821 738	830 454	814 391

89 In the period from 2004–05 to 2009–10, DSP numbers increased by around 96 000, but around 85 per cent of this represented growing numbers of female recipients. Productivity Commission report, *Disability Care and Support* <http://www.pc.gov.au/inquiries/completed/disability-support/report/35-disability-support-appendixk.pdf>

90 The more recent increase in DSP entrants from July 2013 through to March 2014, is attributed (by DSS) to the increase in the Age Pension age for women to 65 years on 1 July 2013.

Disability Support Pension	2011–12	2012–13	2013–14	2014–15
Administered outlays	\$14.56b	\$14.99b	\$16.11b	\$16.54b
Payment accuracy	96.40%	95.65%	96.05%	95.31%
Confidence interval	+/- 3.98%	+/- 4.68%	+/- 0.71%	+/- 0.86%
Agreements are in place with all service delivery agencies	An agreement is in place with the Department of Human Services			
Strategies are in place to ensure that requirements are fulfilled under agreements with service delivery agencies	Strategies are in place with Human Services			
Percentage and number of estimated population of people with disability who receive payment ^a	20.6% (827 460/ 4 026 200)	20.4% (821 738/ 4 026 200)	19.6% (830 454/ 4 234 200)	19.2% (814 391/ 4 234 200)
Percentage and number of DSP population as a proportion of the total Australian working-age population ^b	5.3% (801 687/ 15 209 716)	5.1% (790 576/ 15 423 994)	5.1% (794 257/ 15 641 287)	4.9% (773 218/ 15 845 156)

Notes:

- a The result is derived from the Australian Bureau of Statistics Survey of Disability, Ageing and Carers (cat. No. 4430), and is the number of people with disability. Not all people with disability have a work limitation or rely on DSP.
- b This result is a point in time count of DSP recipients and the Australian Bureau of Statistics (cat. No. 3222.0) data on the working age population aged 15–64 years.

Source: DSS annual reports for 2013–14 and 2014–15.

5.8 DSS reports little information about the efficiency, effectiveness and economy of the program or of DSP eligibility processes such as the Job Capacity Assessment process. Separately, Human Services reports (in its annual reports), aggregate performance information on income support and provides no performance information (other than the total volume of Job Capacity Assessments conducted during the year) on service delivery aspects.

Monitoring operational performance

5.9 The primary avenue for DSS to monitor Human Services' DSP performance is through the Bilateral Management Arrangement between the Secretaries of Human Services and DSS. This agreement provides for the delivery of the government's social security policies and programs and defines an agreed performance framework.⁹¹ A performance assurance report provides both departments with quarterly updates on a range of performance measures, enabling the entities to follow up on any unsatisfactory results and agree on remedial measures. Human Services also provides a range of supplementary performance reports for day-to-day DSP management. The ANAO examined Human Services performance in terms of timeliness and accuracy of DSP assessment and these are presented below.

Timeliness in DSP assessments

5.10 Human Services aims to process 70 per cent of claims for DSP within 49 days. Where delays occur, this is mainly due to: delays in a claimant obtaining required supporting information,

91 The management of DSP is documented in the Age, Disability and Carer Service Arrangement, which is a supporting document under the BMA Head Agreement.

such as medical reports and financial documentation; Job Capacity Assessors experiencing delays in contacting medical practitioners to discuss their medical reports; and claimants having to reschedule JCA appointments. For the 506 claims examined by ANAO (450 grants and 56 rejections), the average processing time from receipt of a claim to grant or rejection of the claim was 50 days, with 342 (68 per cent) being completed within Human Services' 49 day timeframe, compared with around 75 per cent for all claims processed in the first half of 2014–15. The main reason that a claim was delayed was a failure on the part of the claimant to provide all the information needed to assess a claim.

Accuracy of DSP assessments

5.11 Accuracy in eligibility assessments is important in all income support payments—even small percentages of errors can have significant financial impacts on Commonwealth expenditure. Payment accuracy is defined as: 'the department's ability to pay the right person the right amount of money, through the right programme, at the right time and takes into account customer and administrative error'.⁹² Payment accuracy, as reported by DSS for all income support payments, is around 96 per cent (see Table 5.2). DSS measures accuracy through the Random Sample Surveys of income support recipients (see paragraphs 4.3 and 4.3), which Human Services conducts on its behalf.⁹³

Table 5.2 Payment accuracy reported by DSS

	2011–12	2012–13	2013–14
Payment accuracy	96.40%	95.65%	96.05%
Confidence interval	±3.98%	±4.68%	±0.71%

Source: DSS annual reports.

5.12 Human Services uses 'payment correctness' to estimate the level of correct decision making by its staff. Correctness is defined as the percentage of surveys where the customer did not have an incorrect payment due to an administrative error.⁹⁴ Human Services' target for payment correctness is 95 per cent. Over the past three years its review of payment correctness (as measured by the random sample survey reviews⁹⁵) for DSP has exceeded this target (see Table 5.3).

92 Human Services, *Annual Report 2013–14*, Canberra, 2014, p. 149.

93 Department of Social Services, *Annual Report for 2013–14*, p. 127.

94 Human Services, *Annual Report 2013–14*, Canberra, 2014, p. 149.

95 The random sample survey measures both the accuracy and correctness of payments. Reviews of DSP medical eligibility as part of a Random Sample Review are conducted under current eligibility rules, which may be different from those in place at the time DSP was granted.

Table 5.3: Random Sample Survey review of Disability Support Pension—payment correctness

Year	Reviews	Errors found: Staff	Errors found: System	Correct payments	Payment Correctness %
2011–2012	2757	71	0	2686	97.42
2012–2013	2757	59	3	2695	97.75
2013–2014	2757	48	2	2707	98.19

Source: Human Services.

Other performance measurement issues

5.13 Ideally, the Age, Disability and Carer Service Arrangement should provide for consistent data on DSP payments to be published. Confusingly, DSS and Human Services publish different figures on the numbers of DSP recipients each year. This lack of consistency is due to both departments using different data sources and methodologies for the extraction of the data.⁹⁶ There would therefore be merit in DSS and Human Services developing a consistent approach to the collection and publication of income support recipient data.

5.14 There is scope to enhance the performance information that is available for the management of DSP and improve the analysis of this information, including to:

- better analyse the accuracy of eligibility decisions, understand reasons for changes to decisions and improve decision making;
- better evaluate operational efficiency and identify where service improvements could be made; and
- provide better assurance on the efficient use of the available Human Services resources.

5.15 Some of these measures, particularly those related to operational efficiency and service delivery, should also be reported externally, since they would provide a more complete picture of the efficiency of delivery of the DSP program. Examples of additional performance information that would assist in the overall management of DSP are shown in Table 5.4.

96 DSS advised ANAO that, in accordance with long established practice when the former Department of Education, Employment and Workplace Relations was responsible for DSP in the early 2000s, it sources the data for DSP claims from Department of Employment events data. On the other hand, Human Services sources its figures from its own finalised claims data cubes.

Table 5.4: Examples of additional performance measures for the Disability Support Pension

Key result area	Performance measures
Service delivery	Stakeholder feedback obtained through surveys on performance to supplement complaints data. Comparison of actual performance against service level standards for each step in the claims, reviews and appeals processes.
Quality of decision making on eligibility	Percentage of original decisions changed through each quality control process, internal reviews and appeals with further detail by reason. ^a
Operational efficiency	Capture the departmental operating costs of all functions involved in the delivery of DSP across both agencies and calculate the administrative overhead as a proportion of administered outlays. ^b Unit costs of DSP claims and appeals processing (such as the cost per claim processed and appeals finalised). Net cost/benefit of conducting compliance reviews (that is, every \$1 spent = \$1 of reduced payments or debt recovered).
Best use of Human Services resources	Allocation of available resources to achieve best overall level of performance, including the adequacy of resource levels for specific business as usual functions (for example, debt recovery) and the effective implementation of new policy. This requires comparison of performance data across income support payments and across activity for a program.

Note a: This would entail capturing data for the number of changes to the original decisions and reasons for the changes from authorised review officer, Social Security Appeals Tribunal and Administrative Appeals Tribunal processes and then analysing the data.

Note b: The cost per customer for each program is not reported to DSS. If this information was available it could be compared to the cost of delivering other programs to provide information of the level of operational efficiency.

Source: ANAO analysis.

Recommendation No.3

5.16 The ANAO recommends that DSS and Human Services:

- (a) develop a more complete set of external and internal performance measures for the effective delivery of DSP; and
- (b) agree on a consistent approach to the collection and publication of income support recipient data.

Entity response: *Department of Social Services*

5.17 *The Department of Social Services agrees this recommendation. The Department is currently working with DHS to continue to improve performance measures and reporting. This work is being oversighted by the joint Bilateral Management Committee, which has responsibility for managing the Bilateral Management Arrangement between the two departments.*

Entity response: *Department of Human Services*

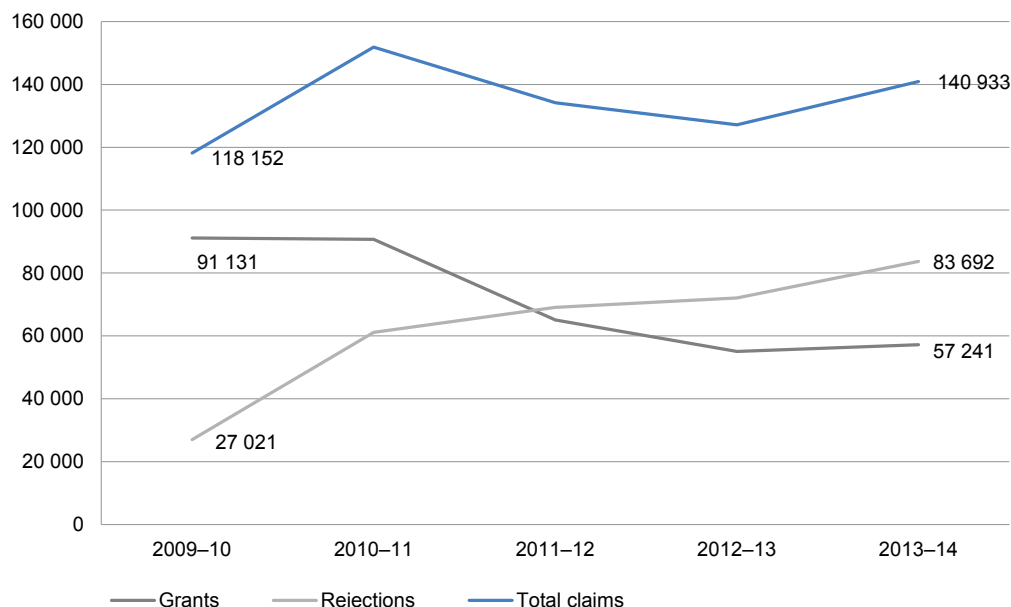
5.18 *The department agrees with this recommendation. The department has in place a number of performance measures to measure the service delivery aspects of the administration of DSP. Through the existing governance arrangements, the department will work with DSS to consider options to enhance the current performance measures and ensure a consistent approach to reporting.*

To what extent is information on performance useful in informing government policy decisions?

Since the introduction of the revised impairment tables in 2012, the proportion of rejected claims has grown markedly. An advisory committee report produced prior to the implementation of the revised impairment tables recommended that they be reviewed and evaluated. However, at the time of the audit, DSS had not reviewed or evaluated the revised tables or their impact. Such a review would facilitate policy adjustment or alignment and would provide assurance on whether current results are in keeping with legislation. Furthermore, the nature of the current performance information limits DSS's ability to inform government in relation to the cost benefit of the eligibility processes and the likely impact of any further tightening of the impairment tables.

Trends in granted and rejected DSP claims

5.19 Since the introduction of the revised impairment tables in 2012, the proportion of rejected claims has grown markedly. The relationship between overall claims for DSP granted and rejected claims from 2009–10 to 2013–14 is shown in Figure 5.2.

Figure 5.2: Granted and rejected claims for Disability Support Pension, 2009–10 to 2013–14

Source: Department of Social Services, Characteristics of Disability Support Pension Recipients, June 2014.

5.20 At the time of the audit DSS had not undertaken an evaluation of the revised tables. DSS advised that it has relied on feedback provided by Human Services, and has made changes to the Guidelines to the impairment tables to reflect this feedback. DSS conducted an actuarial assessment (in 2011) on the draft impairment tables to assess their potential performance when the changes to tables were in development.⁹⁷ This assessment found that the draft tables tended to lead to a downward revision in impairment ratings, and ineligibility for DSP. It also indicated a level of inconsistency in results between different assessors.⁹⁸ A further report by an advisory committee *Social Security (Tables for the Assessment of Work-related Impairment for Disability Support Pension) Determination 2011* recommended that DSS and Human Services monitor the initial implementation of the revised impairment tables and undertake a comprehensive evaluation of the results over the first 18 months following implementation.⁹⁹ In addition, the report recommended that the impairment tables should be reviewed regularly thereafter—at least every five years.

5.21 Conducting an evaluation would provide assurance that the impairment tables and associated processes were operating as intended. It would facilitate policy adjustment or

97 <https://www.dss.gov.au/our-responsibilities/disability-and-carers/benefits-payments/disability-support-pension-dsp-better-and-fairer-assessments/review-of-the-tables-for-the-assessment-of-work-related-impairment-for-disability-support-pension/report-from-taylor-fry-pty-ltd-on> accessed on 8 October 2015.

98 The sample saw 41% of formerly eligible applicants become ineligible, with a plausible range of 36%-45%.

99 <https://www.dss.gov.au/our-responsibilities/disability-and-carers/benefits-payments/disability-support-pension-dsp-better-and-fairer-assessments/review-of-the-tables-for-the-assessment-of-work-related-impairment-for-disability-support-pension/social-security-tables-for-the>

alignment if required and would provide an assurance of whether the current results were in keeping with legislation.

5.22 A large proportion of the reported performance information on DSP is based on population characteristics and volume data used to manage the administered outlays and forecast future expenditure levels. While this information indicates a significant reduction in the grant rate, the absence of evaluative information makes it difficult to attribute the relative impact of the 2012 changes to impairment tables on the grant rate. Ideally, if the impact was better known, DSS could gauge the cost benefit of the eligibility processes and the likely impact of any further changes to the impairment tables.

Recommendation No.4

5.23 To help identify further opportunities for improvement in the administration of DSP, the ANAO recommends that DSS, in cooperation with Human Services:

- (a) analyse the results of reviews of continuing eligibility for DSP, review and appeal data and quality control information; and
- (b) evaluate the effectiveness of the revised impairment tables.

Entity response: *Department of Social Services*

5.24 *The Department of Social Services agrees this recommendation.*

5.25 *The Department currently analyses review and appeal data provided by DHS quarterly. This data and analysis informs executive Strategic Business Discussions between the departments. The Department commenced a post-implementation review process for the revised Impairment Tables in June 2015.*

Entity response: *Department of Human Services*

5.26 *The department agrees with this recommendation.*

5.27 *The department and DSS have a long standing relationship for working together on the administration of DSP. As part of this relationship, the department will continue to provide DSS with information on the service delivery aspects of DSP administration to inform any broader reviews of DSP policy elements.*



Grant Hehir
Auditor-General

Canberra ACT
21 January 2016

Appendices

Appendix 1 Entity responses



Australian Government
Department of Social Services

Barbara Bennett
A/g Secretary

Ms Michelle Kelly
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2600

Dear Ms Kelly

Thank you for your letter of 16 November 2015 and, for providing the Department the opportunity to make comments on the ANAO's proposed audit report on Qualifying for the Disability Support Pension, issued under s19 of the *Auditor-General Act 1997*.


The Department acknowledges the findings of the report and agrees to the recommendations. We also welcome the report's findings that the impact of policy changes has improved targeting of the Disability Support Pension, and that eligibility processes are being applied by the Department of Human Services (DHS) in keeping with legislation.

The Department will continue to work closely with DHS to maintain high standards in the quality of assessments, and to continue to improve coordination and data availability to support policy development and the appropriate administration of legislation.

Details of the Department's overall response to the proposed report and each recommendation are outlined in Attachment A, and a summary of the formal responses to be included in the report Summary is outlined at Attachment B.

If you would like further information or clarification on the Department's overall response, please do not hesitate to contact Mr Russell de Burgh, Branch Manager of the Age, Disability and Carer Payments Policy Branch on 02 6146 0122 or via email at russell.deburgh@dss.gov.au.

Yours sincerely


Barbara Bennett

15 December 2015

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Attachment A

Formal response from the Department of Social Services to the proposed audit report on Qualifying for the Disability Support Pension

The Department of Social Services (the Department) has policy responsibility for the Disability Support Pension (DSP), and works closely with the Department of Human Services (DHS) which has responsibility for service delivery, including the assessment of eligibility.

The Department acknowledges the findings of the report and agrees the recommendations. As the report reflects, assessing qualification for DSP is complex due to the need to establish the permanency of conditions, the functional impairment they cause, and the impact of these on a person's ability to work.

The Department welcomes the report's findings that recent policy initiatives have strengthened targeting of the DSP and controlled population growth. These changes have resulted in a reduction in the DSP population during 2014-15, in terms of absolute numbers and as a proportion of the Australian working age population. However, the Department acknowledges that people who are granted DSP are likely to stay on payment for extended periods. The Department will work with DHS to ensure that assessment processes for new claims and reviews of qualification for existing recipients continue to be undertaken to a high standard and in keeping with legislation.

The Department will continue to work closely with DHS to improve the quality of assessments, strengthen documentation, and improve data consistency to support policy development and the appropriate administration of legislation.

The table below outlines the Department's response to each of the recommendations in the report.

GED
15 DEC 2015
9.15



Australian Government
Department of Human Services

Kathryn Campbell CSC
Secretary

Ref: EC15/456

Ms Michelle Kelly
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Ms Kelly *Michelle*

Thank you for the opportunity to comment formally on the proposed 'section 19' report arising from the Australian National Audit Office's (ANAO) performance audit of Qualifying for the Disability Support Pension, dated 16 November 2015.

The Department of Human Services (the department) agrees with the recommendations.

Attachment A to this letter details the department's overall response to the proposed report and to each of the ANAO's recommendations. The department has separately provided the ANAO with some detailed comments on the proposed report, as well as additional data as requested by the ANAO. I understand the ANAO has indicated that these will, in the main, be factored into the final report.

If you would like to discuss the department's response, please do not hesitate to contact Ms Malisa Golightly, Deputy Secretary, Participation, Aged Care, Service Strategy and Integrity on (02) 6143 7299.

Yours sincerely

Kathryn Campbell

14 December 2015

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Attachment A

Response to the section 19 report on the performance audit of Qualifying for the Disability Support Pension

Recommendation No.1

To provide full documentation of eligibility decisions, the ANAO recommends that Human Services:

- a) review the guidance it provides to assessors on the level of detail to be included in Job Capacity Assessment reports, particularly for assessments of impairments ratings, a person's inability to work and program of support obligations; and
- b) require delegates to clearly specify any changes they make to the Job Capacity Assessment reports.

DHS response:

The department agrees with this recommendation.

The department notes the audit found Human Services' assessment of new claimants' eligibility was in keeping with underpinning legislation, policy and guidance, and identified some areas where it could be improved. Importantly, the department notes the audit finding '... the ANAO was satisfied that the medical reports supported the assessments satisfactorily...', which supports that correct eligibility decisions were made by delegates

The department regularly reviews and, where necessary, updates its guidance for staff. Given the complexity of the DSP assessment process, different aspects can be documented on different parts of a customer's record and work is underway to improve the central visibility of this information.

The department has in place processes for delegates to request changes to Job Capacity Assessment reports. The ability to edit reports after they are finalised is limited by the department's legacy information, communications and technology (ICT) systems. The department will take opportunities provided by changes to the ICT system to improve the level of detail recorded.

Recommendation No.2

To improve the efficiency and effectiveness of the current review process, the ANAO recommends that Human Services, in cooperation with DSS, include options in its risk profiling to better identify recipients whose medical conditions have a greater prospect of improvement.

DHS response:

The department agrees with this recommendation.

The department has a well-established and sophisticated risk-based approach to ensuring it maximises the effective use of available resources across the broad range of payment review and compliance activities undertaken each year. On a regular basis the department considers and, where appropriate, updates elements of this work, including the service profiles used for each review activity. The most recent example of updating the service profiles for DSP medical reviews was in December 2014, and initial results show improved outcomes regarding suspensions and cancellations.

Recommendation No.3

The ANAO recommends that DSS and Human Services:

- a) develop a more complete set of external and internal performance measures for the effective delivery of DSP; and
- b) agree on a more consistent approach to the collection and publication of income support recipient data.

DHS response:

The department agrees with this recommendation.

The department has in place a number of performance measures to measure the service delivery aspects of the administration of DSP. Through the existing governance arrangements, the department will work with DSS to consider options to enhance the current performance measures and ensure a consistent approach to reporting.

Recommendation No.4

To help identify further opportunities for improvement in the administration of DSP, the ANAO recommends that DSS, in cooperation with Human Services:

- a) analyse the results of reviews of continuing eligibility for DSP, review and appeal data and quality control information; and
- b) evaluate the effectiveness of the revised impairment tables

DHS response:

The department agrees with this recommendation.

The department and DSS have a long standing relationship for working together on the administration of DSP. As part of this relationship, the department will continue to provide DSS with information on the service delivery aspects of DSP administration to inform any broader reviews of DSP policy elements.

Appendix 2 Glossary

Authorised review officer	A Human Services officer responsible for conducting an internal review of a decision at the request of the customer.
Continuing inability to work	An inability to work or undertake a training activity within a period of two years and as otherwise defined in Section 94(2) of the Social Security Act (see complete definition at paragraph 2 of Appendix 4).
Fully diagnosed, treated and stabilised	<p>In determining whether a condition has been fully diagnosed by an appropriately qualified medical practitioner and whether it has been fully treated, the following are to be considered:</p> <ul style="list-style-type: none"> • whether there is corroborating evidence of the condition, and • what treatment or rehabilitation has occurred in relation to the condition, and • whether treatment is continuing or is planned in the next two years. <p>A condition is fully stabilised if:</p> <ul style="list-style-type: none"> • either the person has undertaken reasonable treatment for the condition and any further reasonable treatment is unlikely to result in significant functional improvement to a level enabling the person to undertake work in the next two years, or • the person has not undertaken reasonable treatment for the condition and: <ul style="list-style-type: none"> – significant functional improvement to a level enabling the person to undertake work in the next two years is not expected to result, even if the person undertakes reasonable treatment, or – there is a medical or other compelling reason for the person not to undertake reasonable treatment.¹⁰⁰
Impairment Tables	Tables, made under a Determination under the <i>Social Security Act 1991</i> , to determine the level of functional impairment arising from medical conditions of DSP claimants and recipients, and assign corresponding impairment ratings. They are used by Human Services, the Social Security Appeals Tribunal and Administrative Appeals Tribunal in assessing a person's qualification for DSP.
Job Capacity Assessment	<p>An assessment that aims to identify:</p> <ul style="list-style-type: none"> • a person's level of functional impairment resulting from any permanent medical conditions; • a person's current ('baseline') and future ('with intervention') work capacity (in hour bandwidths); and • barriers to the person finding and maintaining employment and any interventions/assistance that may be required to help improve their current work capacity.

¹⁰⁰ *Social Security (Tables for the Assessment of Work-related Impairment for Disability Support Pension) Determination 2011*, Section 6(4) and 6(5). Reasonable treatment is also defined at Section 6(6).

Manifest grants	<p>Grants of DSP that are made without further assessment in the following limited circumstances:</p> <ul style="list-style-type: none"> • a terminal illness (life expectancy of less than two years with significantly reduced work capacity during this period); • permanent blindness (meets the test for permanent blindness for social security purposes); • an intellectual disability where medical evidence clearly indicates an IQ of less than 70; • an assessment indicating that they require nursing home level care; • category 4 HIV/AIDS; or • in receipt of a Department of Veterans Affairs' disability pension at special rate (totally and permanently incapacitated).
Permanent medical condition	A condition that is assessed as being 'fully diagnosed, treated and stabilised'.
Program of support	<p>A program of support is defined under Section 94(5) of the Social Security Act as a program that:</p> <p>(a) is designed to assist persons to prepare for, find or maintain work; and</p> <p>(b) either:</p> <ul style="list-style-type: none"> (i) is funded (wholly or partly) by the Commonwealth; or (ii) is of a type that the Secretary considers is similar to a program that is designed to assist persons to prepare for, find or maintain work and that is funded (wholly or partly) by the Commonwealth.
Severe impairment	A person's impairment is severe if the person's impairment is of 20 points or more under the impairment tables, of which 20 points or more are under a single Impairment Table.

Appendix 3 Summary of changes to the Disability Support Pension

1. In 1991, the Disability Support Pension introduced new qualification criteria placing more emphasis on work capacity. Since then there have been a series of reforms to DSP to keep people with capacity connected to the workforce and appropriately target DSP to those truly in need. The key reforms are listed in Table A.1.

Table A.1: Key reforms of the Disability Support Pension

Timing	Reform of the Disability Support Pension
Pre-1991	The Invalid Pension was the key Commonwealth welfare payment to provide financial support to people who were unable to work. To be eligible a person must be assessed as having '85 per cent incapacity' with at least half of the incapacity caused by a medical condition. The assessment of incapacity considered 'social factors' including age, previous work experience and the type of paid work available to the person in their community.
1991	<i>Welfare Reform package</i> —new eligibility criteria was introduced requiring individuals to have a work capacity of 30 hours or less for at least two years and a minimum impairment rating of 20 per cent as calculated under the 'Impairment Tables' set out in legislation. Social factors were generally no longer considered as part of the eligibility assessment. DSP recipients could work up to 30 hours a week before having their DSP suspended.
September 2002	<i>Better Assessment and Early Intervention Measure</i> —individuals were streamed into a specific type of assessment, to ensure that they were assessed by a professional with relevant qualifications and experience. There were four types of assessments: medical, psychological, work capacity assessments, Centrelink Disability Officer Assessments.
July 2006	<i>Welfare to Work</i> reforms—individuals were required to be assessed as being incapable of 15 or less hours of work per week for at least two years. Job Capacity Assessments were introduced to provide a holistic assessment of a person's circumstance and ability to determine their current and future work capacity.
July 2010	<i>Better and Fairer Assessments</i> measure—to improve consistency of eligibility decisions, Job Capacity Assessments were conducted by more qualified, senior assessors. Clearer guidelines on the assessment of work capacity were also developed to support assessors. A Health Professional Advice Unit with DHS was established to provide assessors with advice on medical issues. Also, for claimants who are clearly or manifestly eligible due to a congenital disability, catastrophic injury or illness, the assessment process was simplified to fast-track decisions and remove the need for a Job Capacity Assessment.
September 2011	<i>More accurate and efficient Disability Support Pension assessments</i> ¹⁰¹ —Job Capacity Assessments are required to be conducted by medical and allied health professionals employed by DHS. ¹⁰² Also, applicants are required to provide sufficient evidence ¹⁰³ that they were unable to participate in work.

101 These changes were implemented as part of the *More Accurate and efficient Disability Support Pension 2010–11 Budget Measure*.

102 Previously, Job Capacity Assessments were undertaken by 17 providers including Centrelink, CRS Australia and 15 non-government organisations. The focus of Job Capacity Assessments also changed from assessing both job seekers and DSP claims to being used predominately for pension claims and reviews.

103 An example of sufficient evidence is participation in a program of support (such as Disability Employment Services or jobactive) for at least 18 months.

Timing	Reform of the Disability Support Pension
January 2012	<i>Better and Fairer Assessments</i> measure—the Revised Impairment Tables, initially announced as part of the 2009–10 Budget, were introduced following the conduct of a review.
July 2012	<i>Building Australia's Future Workforce</i> package—recipients under age 35 who have been assessed to have at least the capacity to work eight hours a week are required to attend interviews each year and develop a plan to build their work capacity. Also, the number of hours DSP recipients could work, subject to means testing, while continuing to receive a part-pension was extended to 30 hours per week, up from 15 hours.
July 2014	<i>Disability Support Pension—Review Recipients under 35</i> measure—recipients under age 35 who were assessed as having a work capacity of eight or more hours per week between 2008 and 2011 had their eligibility reviewed against the revised impairment tables. Also, participation obligations requiring recipients under age 35 with an assessed work capacity of eight or more hour per week to develop a participation plan with a compulsory work-focused activity were implemented.
January 2015	Claimants age 35 or under and who lived in a capital city were required to undertake a disability medical assessment with a Government-contracted doctor (a registered and licensed medical practitioner or a registered clinical psychologist) in addition to undertaking a Job Capacity Assessment.
July 2015	All claimants, excluding those assessed as manifestly qualified, are required to undergo a disability medical assessment assessment with a Government-contracted doctor as well as a Job Capacity Assessment.

Source: ANAO analysis.

Appendix 4 Qualification Requirements for the Disability Support Pension

1. The qualification requirements for DSP are set out in Sections 94(1) and 95(1) of the Social Security Act. To be eligible to receive DSP a person must:

- be aged between 16 years and Age Pension age; *and*
- meet the residency requirements;¹⁰⁴ *and*
- meet the income and assets test for their situation¹⁰⁵; *and*
- be permanently blind;¹⁰⁶ *or*
- have a permanent physical, intellectual or psychiatric condition (see Glossary for details) and be assessed as having a total of 20 points or more under the impairment tables that are used to assess a person's ability to work¹⁰⁷; *and*
 - have a continuing inability to work for at least 15 hours a week on wages that are at or above the relevant minimum wage in Australia, even if not within the person's locally accessible labour market; *and*
 - if they do not have a severe impairment (that is, an impairment that does not have a rating of at least 20 points under a single impairment table) have actively participated in a program of support, which is a program that is provided by a designated provider and is tailored to a person's impairment to help address

104 To satisfy the residence criteria when claiming DSP, the person must have:

- been an Australian resident at the time when the continuing inability to work (CITW) or permanent blindness occurred (a person's CITW arises at the time of the incapacitating accident regardless of the age of the person when this occurred. For people with severe congenital abnormalities CITW occurred at birth), OR
- 10 years of qualifying residence, OR
- have a qualifying residence exemption (i.e. reside in Australia and are either a refugee or a former refugee or are able to use the totalisation provisions of a reciprocal agreement with another country, such as New Zealand), OR
- been born outside Australia and be a dependent child of an Australian resident at the time when the continuing inability to work or permanent blindness occurred, and have become an Australian resident while still a dependent child of an Australian resident.

Ten years qualifying residence is satisfied if the person has been an Australian resident for at least 10 years at any point in the past, OR two or more periods that in total exceed 10 years, AND at least one of those periods is of 5 years duration or more.

It may also be possible for the person to qualify for DSP under the terms of an international agreement. <http://guides.dss.gov.au/guide-social-security-law/3/6/1/12#Residence> [Accessed 17 December 2014].

- 105 Where a recipient is blind and has turned 21, the maximum rate of pension is not affected by the person's or partner's income and assets.
- 106 Section 3.6.2.40 of the Guide to Social Security Law states that, to be regarded as permanently blind, a person must have visual acuity on the Snellen Scale after correction by suitable lenses of less than 6/60 in both eyes; or constriction to within 10 degrees of fixation in the better eye irrespective of corrected visual acuity; or a combination of visual defects resulting in the same degree of visual impairment as that occurring in the above points. <http://guides.dss.gov.au/guide-social-security-law/3/6/2/40> [Accessed 18 March 2015].
- 107 Impairments are assessed and assigned impairment ratings the impairment tables that are made under a Determination under the *Social Security Act 1991*. The current impairment tables took effect on 1 January 2012.¹⁰⁷ They consist of 15 tables that provide guidance on ratings that should be assigned to work-related impairments or functional impacts of medical conditions of DSP claimants.

barriers to their employment and other needs.¹⁰⁸ Generally, a person will be required to have participated for 18 months within the 36 months immediately prior to claiming DSP.

2. The term ‘continuing inability to work’ is dealt with in section 94(2) of the Social Security Act as follows:

94(2) A person has a continuing inability to work because of an impairment if the Secretary is satisfied that:

- (aa) in a case where the person's impairment is not a severe impairment within the meaning of subsection (3B)—the person has actively participated in a program of support within the meaning of subsection 3C; and
- (a) in all cases—the impairment is of itself sufficient to prevent the person from doing any work independently of a program of support within the next 2 years; and
- (b) in all cases, either:
 - (i) the impairment is of itself sufficient to prevent the person from undertaking a training activity during the next two years; or
 - (ii) if the impairment does not prevent the person from undertaking a training activity—such activity is unlikely because of the impairment to enable the person to do any work independently of a program of support within the next two years.

3. The legislation as such provides that, where a person is potentially capable of working 15 hours per week independently of a program of support within the next two years, he or she will not qualify for DSP. In addition, the legislation provides that a person will not qualify for DSP unless he or she is potentially unable to participate in a ‘training activity’ that would enable him or her to do any work of 15 hours per week or more, independently of a program of support within two years. A program of support means a program that is designed to assist persons to prepare for, find or maintain work and is funded (wholly or partly) by the Commonwealth or is of a type similar to such a program.

108 *Guide to Social Security Law*, 3.6.2.112 Disability Support Pension Assessment of Continuing Inability to Work – 15 Hour Rule, <http://guides.dss.gov.au/guide-social-security-law/3/6/2/112> [Accessed, 9 December 2014].

