



DISABILITY SUPPORT PENSION

In the winter 2002 issue of *View from the Peak* MHCC argued that any changes to the DSP must be made in consultation with the mental health sector. Further, that the Government must take into consideration the specific issues relating to DSP recipients with a psychiatric/psychological disability (the second largest DSP recipient group), such as the cyclical nature of mental illness. Disappointingly, consultation with the mental health sector has not occurred. MHCC supports the continued commitment from both Labor and the Democrats to block changes to the Disability Support Pension (DSP) proposed in the 2002/03 Federal Budget, so that mental health consumers are not disadvantaged by the passage of inappropriate legislation.

The Government's Disability Reform Bill (No. 1) was opposed by Labor and the Democrats and subsequently withdrawn from parliament. Reintroduced into the House of Representatives in late July, the Disability Reform Bill (No. 2) was negated in the Senate on the 19th of November. This means that the bill will not be passed in its current form, due to a stalemate between the Government and both Labour and the Democrats. Similarly to the original bill, the second bill proposed reducing the number of people accessing the DSP through restricting eligibility to only those consumers assessed as incapable of working 15 hours a week (instead of the current threshold of 30 hours). Additionally, the Government proposed removing the discretionary power of Centrelink to take into consideration the labour market circumstances of applicants over 55 years of age.

What distinguished the Disability Reform Bill (No. 2) from its predecessor was the introduction of a "grandfather" clause. In other words, only new DSP applicants would have been subject to the proposed changes, while consumers receiving DSP prior to 1 July 2003 would not have been affected. To ensure that the grandfather clause did not act as a disincentive to attempt full time work, for DSP consumers subject to current rules, the Government was going to continue allowing recipients to suspend their payment for up to two years. This meant that a consumer who attempted but was unable to maintain work of 30 hours (or more) a week, would have been able to move back onto the DSP *under the current rules*.

Significantly, the Government has removed the clause tying extra Commonwealth funding earmarked for disability services in the third Commonwealth State and Territory Disability Agreement to the passage of the Disability Reform Bill. While the MHCC welcomes this move, we suggest that the proposed grandfather clause would have introduced an arbitrary distinction between DSP consumers and done little to address the significant problems associated with the Bill. In the winter 2002 issue of *View from the Peak* MHCC argued that any changes to the DSP must be made in consultation with the mental health sector. Further, that the Government must take into consideration the specific issues relating to DSP recipients with a psychiatric/psychological disability, such as the cyclical nature of mental illness. Disappointingly, consultation with the mental health sector did not occur. MHCC supports the continued commitment from both Labor and the Democrats to block changes to the Disability Support Pension (DSP) proposed in the 2002/03 Federal Budget, so that

mental health consumers are not disadvantaged by the passage of inappropriate legislation.

The Government justifies proposed changes to the DSP through the familiar rhetoric of welfare reform. They claim that the economic and social cost of the DSP is unsustainable, due to the rapidly increasing number of recipients. Ministers have also implied that some DSP consumers are welfare dependent and that others are exploiting the system and do not have a genuine or serious disability. Finally, isolated welfare reform recommendations from the McClure Report are being used to backup the Governments claim that DSP reform is necessary.

As was the case with the Mutual Obligation Scheme, the government has provided inconsistent and insubstantial justifications for changes to the DSP. In agreement with ACOSS, MHCC suggests that until the Government adequately identifies and addresses the reasons for growth in the number of DSP claimants, legislation restricting DSP eligibility cannot be justified. ACOSS research** has shown that the number of DSP recipients has risen from 312,000 in 1990 to 650,000 in 2002. However, this was not found to be the result of an increase in “welfare dependency” or “welfare cheats”. ACOSS found that the upward trend in DSP recipients was attributable to structural rather than moral factors, including:

- changes to government policy which have restricted access to other payments (accounting for approximately 20% of the increase in recipients)
- an increase in people with disabilities (responsible for approximately 40% of the increase in recipients) and
- labour market factors which have contributed to a general increase in long-term joblessness (responsible for the remaining 40% increase in recipients)

The Government’s bill was punitive rather than enabling. MHCC is critical of the selective implementation of the McClure Report’s recommendations. A review of the DSP work incapacity test and 30-hour threshold was recommended in the report. However, the McClure Report also emphasised the importance of maintaining current benefit levels and recommended introducing a participation supplement, which would increase benefits to recipients with participation requirements (particularly economic participation requirements). The Disability Reform Bill (No. 2), if passed, would have lead to many new Centrelink applicants with disabilities receiving Newstart Allowance rather than the DSP. This cynical move would have effectively cut their potential payment by \$26 per week, while allowing the Government to appear to be maintaining current benefit levels. In other words, disabled consumers assessed as being capable of working more than 15 hours per week would have been expected to meet stringent Newstart participation requirements with less resources than they are entitled to under current legislation. This is inappropriate considering the disproportionate expense born by consumers with a disability, due to health care and treatment costs. It is also unfair of the Government to expose consumers with a disability to the harsh penalty regime associated with Newstart. This is particularly indefensible while the Government refuses to act on the recommendations of the Independent Inquiry into Breaching*** and the Ombudsman****. Reports from both parties recommend a thorough overhaul of the current social security penalty system for unemployed people before such a system is extended to other income support recipients.

**ACOSS, ‘Understanding the Causes of DSP Growth’, Impact, October 2002, p. 7

***Report available at: www.breachreview.org

****Report available at: www.ombudsman.gov.au

