

# **Purpose, intent and adequacy of the Disability Support Pension**

Submission to inquiry of Senate Community Affairs References  
Committee



9 July 2021

**Mentally healthy people,  
mentally healthy communities**

## Introduction

As the peak national body for the mental health sector, Mental Health Australia provides this submission focusing on the experiences of people with psychosocial disability. Psychosocial disability is a term used by people with lived experience of mental ill-health to describe the disability experience of impairments and participation restrictions related to mental health conditions.<sup>1</sup>

Over one million Australians live with psychosocial disability, and people with psychosocial disability make up nearly a quarter of all people with disability (26%).<sup>2</sup>

People with psychosocial disability generally report more severe limitations than people with other disabilities, and most people with psychosocial disability (85.5%) also report having another impairment/s.<sup>3</sup>

People with psychosocial disability make up the largest grouping of people receiving the Disability Support Pension (DSP), according to the Department of Social Services categorisation of medical conditions. People with primary psychological/psychiatric conditions make up 35% of DSP recipients, followed by people with muscular-skeletal conditions (20%) and intellectual/learning conditions (15%).<sup>4</sup>

Evidence suggests the vast majority of people with experience of severe and ongoing mental ill-health would prefer to work, but often face barriers not of their own making. Almost a quarter of people with psychosocial disability report being treated unfairly because of their disability, and 85% report employment restrictions related to their disability – both much higher rates compared to people with other disabilities.<sup>5</sup> Similarly, people with psychosocial disability are less likely to be in the labour force (36%) compared to people with other disabilities (62%).<sup>6</sup> Further, the current system of income and employment support is complex and confusing, and perverse incentives in the current system can discourage people from entering the workforce or working more hours.

Reforms must tackle these major structural challenges if we are to build a system that supports rather than undermines the ability of people receiving income support, including those with psychosocial disability, to lead contributing lives.

## Purpose of the DSP

Income support is an important component of a social support system. We have an obligation as a just society to look after fellow citizens in need who do not have the opportunity to participate in paid employment. As a country that prides itself on ensuring a fair-go for all, our social support system should embody this integral ideal of the Australian

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<sup>1</sup> National Mental Health Consumer & Carer Forum (2011). *Unravelling Psychosocial Disability, A Position Statement by the National Mental Health Consumer & Carer Forum on Psychosocial Disability Associated with Mental Health Conditions*. Canberra: NMHCCF.

<sup>2</sup> Australian Bureau of Statistics (2020). *Psychosocial disability*. Retrieved 6 July 2021 from <https://www.abs.gov.au/articles/psychosocial-disability>

<sup>3</sup> ABS (2020), see Footnote 2

<sup>4</sup> Department of Social Services (2021). *Impairment Tables Review Issues Paper, 'Top 5 primary medical condition categories: June 2020'*, p.6. Retrieved 7 July 2021 from <https://engage.dss.gov.au/wp-content/uploads/2021/06/D21-536572-4168-DSS-Impairment-Tables-Review-FA-Accessible-.pdf>

<sup>5</sup> ABS (2020), see Footnote 2

<sup>6</sup> ABS (2020), see Footnote 2



social psyche. Our goal is a social support system that provides a pathway to work for those who can, and realistic and fair support for people when they cannot.

Income support is particularly significant in reducing the impacts of mental ill-health, as there is a strong association between experience of mental ill-health or psychosocial disability and low income and unemployment.<sup>7</sup>

The income support system must recognise the right of people with disability, including people with psychosocial disability, to an adequate standard of living and social protection, and participation in employment and community life.<sup>8</sup> The DSP should provide a level of income support which allows people choice and dignity in their day-to-day lives.

Mental Health Australia and the National Mental Health Consumer and Carer Forum have previously articulated principles for a high functioning welfare system which meets the needs of people with experience of mental ill-health and psychosocial disability.<sup>9</sup> The DSP should reflect these principles as part of a broader social support system:

- Be easy for people to access and navigate;
- Treat people fairly and in good faith at all times – providing similar benefits to individuals with similar needs;
- Provide income support recipients with enough money to participate meaningfully in the community, economy and society – as well as meet the basic costs of living and looking for work;
- Focus on individual capabilities through strengths-based assessment and support, rather than focussing on the perceived deficits associated with a diagnosis of mental illness;
- Ensure that people with experience of mental ill-health are appropriately identified within the system and referred to the right support services to support recovery;
- Wherever possible, avoid exacerbating known mental health conditions;
- Proactively support people with experience of mental ill-health to undertake education or training;
- Provide supported and predictable pathways to social participation and employment for all people with experience of mental ill-health who are able to work now or wish to work in the future; and
- Ensure that services are delivered in culturally appropriate ways.

## DSP eligibility criteria, assessment and determination

The current eligibility criteria for DSP stipulate that a person's impairment must be the result of a permanent condition and likely to persist for more than two years, where a permanent condition is defined as being “fully diagnosed, treated and stabilised”.<sup>10</sup>

Application of this wording has caused significant confusion for health professionals and barriers for people with psychosocial disability, as the terms ‘permanence’ and ‘stabilised’

<sup>7</sup> Australian Bureau of Statistics (2020). *Psychosocial disability*. Retrieved 6 July 2021 from <https://www.abs.gov.au/articles/psychosocial-disability>

<sup>8</sup> United Nations (2006) *Convention on the Rights of Persons with Disabilities and Optional Protocol*. Retrieved 9 July 2021 from <https://www.un.org/disabilities/documents/convention/convoptprot-e.pdf>

<sup>9</sup> National Mental Health Consumer & Carer Forum and Mental Health Council of Australia (2014). *Making the Welfare System Work for Mental Health Consumers & Carers*. Retrieved 6 July 2021 from [https://mhaustralia.org/sites/default/files/docs/mhca\\_-\\_submissions\\_-\\_adjacent\\_systems\\_-\\_mcclure\\_review\\_of\\_the\\_welfare\\_system\\_-\\_mhca\\_august\\_2014.pdf](https://mhaustralia.org/sites/default/files/docs/mhca_-_submissions_-_adjacent_systems_-_mcclure_review_of_the_welfare_system_-_mhca_august_2014.pdf)

<sup>10</sup> Department of Social Services (2021). *Impairment Tables Review Issues Paper*. p.7. Retrieved 7 July 2021 from <https://engage.dss.gov.au/wp-content/uploads/2021/06/D21-536572-4168-DSS-Impairment-Tables-Review-FA-Accessible-.pdf>



have different connotations when applied to mental health conditions which are often episodic, rather than other conditions.

As the National Disability Insurance Scheme is demonstrating so clearly, assessing the impact of mental ill-health on someone's life can be very difficult. Even with treatment through medication and psychological and social support, mental ill-health fluctuates over time. This means that people with psychosocial disability often experience difficulties in qualifying for assistance, where assessment at a point in time does not accurately reflect their overall needs.

The experience of Economic Justice Australia's community legal centre members is that "For people whose primary condition is a psychiatric impairment... the eligibility criteria and application requirements make it more difficult for them to access the Disability Support Pension. Many people in this situation end up on Jobseeker Payment where they find it difficult to meet the mutual obligation requirements to remain eligible for payment."<sup>11</sup>

People with psychosocial disability can also face significant difficulties in acquiring the necessary evidence for a DSP application, unless they have ongoing connection with a supportive GP. The functional impacts of psychosocial disability itself can make it extremely difficult for people to engage with the complex evidence gathering and application process. Through delivery of the National Community Connectors Program supporting people with psychosocial disability and at risk of homelessness to engage with the NDIS, Mental Health Australia and program delivery partners found that there are many people with psychosocial disability who were eligible for income support or other services, but lacked the support necessary to engage with the application process.

Mental Health Australia calls for the Australian Government to provide support for people with psychosocial disability experiencing vulnerability to engage with services, including income support applications and appeals. This was also supported by the Productivity Commission in their inquiry into economic impacts of mental ill-health, who advised "Improved access to care coordinators..., as well as coordinators taking on the burden of payment application for consumers, could reduce the bureaucratic burden for applicants and carers and help ensure equitable access to the DSP."<sup>12</sup>

Mental Health Australia also supports Economic Justice Australia's recommendation that the Australian Government make the completion of Treating Doctor Reports billable under Medicare and re-instate as a mandatory requirement for GPs to provide this work. This would reduce barriers for people with disability acquiring necessary evidence for DSP applications.

People with psychosocial disability have also been impacted by government changes to DSP eligibility criteria over time. According to the Productivity Commission's analysis, the "number of successful Disability Support Pension (DSP) applicants and the number of applicants with a primary psychological or psychiatric disability fell following a tightening of the DSP eligibility criteria in 2012-13".<sup>13</sup> The Productivity Commission found that while the proportion of DSP applicants with psychosocial disability remained high in the years

<sup>11</sup> Economic Justice Australia (2021). 'Psychiatric impairments and the Disability Support Pension' in *Social Security Rights Review*, Retrieved 7 July 2021 from <https://www.ejaustralia.org.au/wp/social-security-rights-review/psychiatric-impairments-and-the-disability-support-pension/>

<sup>12</sup> Productivity Commission (2020), *Mental Health*, Report no. 95. p.960. Retrieved 7 July 2021 from <https://www.pc.gov.au/inquiries/completed/mental-health/report>

<sup>13</sup> Productivity Commission (2020), *Mental Health*, Report no. 95. p.956. Retrieved 7 July 2021 from <https://www.pc.gov.au/inquiries/completed/mental-health/report>



following this change, the number successful applicants with primary psychosocial disability decreased by 37% over three years.

Mental Health Australia notes the Department of Social Services is currently reviewing the Impairment Tables used to assess eligibility for the DSP, and will be providing input to this review.

**Recommendation 1: Provide support for people with psychosocial disability to engage with services, including to apply for income support.**

**Recommendation 2: Treating Doctor Reports are made billable under Medicare and re-instated as a mandatory requirement for GPs.**

## **Impact of the DSP on recipients' ability to find and sustain work**

As noted earlier, many people with experience of mental ill-health want to work and see it as a key part of their recovery. However, losing benefits or financial security is a great fear for many people with psychosocial disability, as the payments are so difficult to obtain. People are less likely to engage in seeking employment if their income support is threatened, related to specific rules associated with income support.

Mental Health Australia has previously received feedback from people with lived experience of mental ill-health and people who care for them that the income support system could be improved by changing taper rates to increase the incentive to work.<sup>14</sup>

The Productivity Commission also recommended that “the Australian Government should improve the work incentives for Disability Support Pension recipients and recipients should be well informed of their entitlement to work for a period without losing access to the Disability Support Pension by Services Australia” (Action 19.5).<sup>15</sup> The Productivity Commission found there was a “strong rationale” for increasing the number of hours per work DSP recipients can work over a two-year period before losing the payment from 30hrs to 38hrs.<sup>16</sup>

**Recommendation 3: Increase the number of hours per week DSP recipients can work over an extended period before losing eligibility from 30 to 38hrs.**

## **Impact of discrimination in the labour market on people with disability**

When Australia ratified the United Nations Convention on the Rights of Persons with Disabilities in 2008, the Australian Government committed to “recognize the right of persons with disabilities to work, on an equal basis with others ... [and to] gain a living by work freely chosen or accepted in a labour market and work environment that is open, inclusive and accessible to persons with disabilities.”<sup>17</sup>

However, experiencing psychosocial disability can make it more difficult for people to find and maintain work due to discrimination. Despite progress over the last decade, there is still

<sup>14</sup> National Mental Health Consumer & Carer Forum and Mental Health Council of Australia (2014). *Making the Welfare System Work for Mental Health Consumers & Carers*. p.40 Retrieved 6 July 2021 from [https://mhaustralia.org/sites/default/files/docs/mhca\\_-\\_submissions\\_-\\_adjacent\\_systems\\_-\\_mcclure\\_review\\_of\\_the\\_welfare\\_system\\_-\\_mhca\\_august\\_2014.pdf](https://mhaustralia.org/sites/default/files/docs/mhca_-_submissions_-_adjacent_systems_-_mcclure_review_of_the_welfare_system_-_mhca_august_2014.pdf)

<sup>15</sup> Productivity Commission (2020), *Mental Health*, Report no. 95. p.926. Retrieved 7 July 2021 from <https://www.pc.gov.au/inquiries/completed/mental-health/report>

<sup>16</sup> Productivity Commission (2020), *Mental Health*, Report no. 95. p.962. Retrieved 7 July 2021 from <https://www.pc.gov.au/inquiries/completed/mental-health/report>

<sup>17</sup> United Nations General Assembly (2008). *Convention on the Rights of People with Disabilities*. New York: UN.





a great deal of stigma associated with mental ill-health, and even more so with psychosocial disability. There is generally a low level of understanding and many misconceptions about mental ill-health which prevent people with psychosocial disability from accessing employment opportunities. The lack of opportunities for employment reinforces negative stereotypes and social exclusion for people with psychosocial disability.<sup>18</sup>

Because of the current community stigma regarding mental ill-health, there are very few incentives and many more potential negative consequences for people disclosing their psychosocial disability, particularly in employment situations. This inevitably creates employment situations where people with psychosocial disability are not able to access the supports they require to thrive at work, creating a poorer employment experience both for them as an employee, and potentially for the employer. Failed job placements also negatively affect employers and may reinforce a bias against employing people with mental ill-health or psychosocial disability. Assistance to employers to build skills and enable them to easily overcome perceived barriers would be extremely useful in breaking down stigma and improving employment prospects for people with psychosocial disability.

People with experience of mental ill-health and psychosocial disability and people who care for them also report that finding Disability Employment Service (DES) providers with knowledge and understanding of mental illness is difficult. They report a lack of knowledge about mental illness amongst DES providers and that this is often accompanied by a lack of willingness to acknowledge the needs expressed by job seekers in relation to their illness.<sup>19</sup> Employment service providers also advise that employers are often reluctant to take on DES clients experiencing mental ill-health due to their limited understanding of mental ill-health. They suggest that employer focussed awareness-raising about mental health is required.<sup>20</sup>

These circumstances are not uncommon and contribute to both short and long term negative outcomes for people with experience of mental ill-health and psychosocial disability, which in turn impact negatively on their ability to remain in the job market.

**Recommendation 4: Provide assistance and education to employers to break down stigma and barriers to employment for people with psychosocial disability.**

## Adequacy of DSP

A responsible and viable income support system will have measures to ensure recipients are being paid fairly, with payment rates based on current need not ad hoc policy arrangements.

However, a significant proportion (36%) of people on the DSP are living below the poverty line.<sup>21</sup> In consultations previously undertaken by Mental Health Australia and the National Mental Health Consumer and Carer Forum, the vast majority of respondents said it was difficult for them to do any more than meet the basic costs of week to week living on the DSP. Housing was singled out as a major cost pressure, with many people allocating more

<sup>18</sup> Waghorn, G. & Lloyd, C. (2005). *The Employment of People with Mental Illness: A discussion document prepared for the Mental Illness Fellowship of Australia*. Queensland: MIFA in Mental Health Australia (previously Mental Health Council of Australia) (2007). *Let's get to work: A National Mental Health Employment Strategy for Australia*. Retrieved 10 September 2020 from [https://mhaustralia.org/sites/default/files/imported/component/rsfiles/employment/Let\\_s\\_Get\\_To\\_Work\\_Employment\\_Strategy.pdf](https://mhaustralia.org/sites/default/files/imported/component/rsfiles/employment/Let_s_Get_To_Work_Employment_Strategy.pdf).

<sup>19</sup> Mental Health Australia (prev. Mental Health Council of Australia). (2012) *PHaMs Employment and Mental Health Workshop, Report of key issues and themes*.

<sup>20</sup> Mental Health Australia (prev. Mental Health Council of Australia). (2012) *PHaMs Employment and Mental Health Workshop, Report of key issues and themes*.

<sup>21</sup> Data from 2015-16, as cited by Productivity Commission (2020), *Mental Health*, Report no. 95. p.956. Retrieved 7 July 2021 from <https://www.pc.gov.au/inquiries/completed/mental-health/report>



than one third of their income support payment to housing costs. Other significant expense items were the costs of support and treatment associated with disability and/or illness (which drive up the cost of living for people with disability), transport (especially for those outside of cities) and utilities. Unexpected expenses led to many people having to borrow money from family, friends or financial institutions and going into debt as a consequence; with no respondents reporting they had a capacity to save.<sup>22</sup>

Mental Health Australia has consistently called for income support payment rates to be set independently at a level to meet reasonable costs of living to support economic and social participation.

Mental Health Australia supported the approach recommended by the Government-commissioned independent review of Australia's welfare system (the McClure review) to ensure these payments were kept proportionate to costs of living, through a combination of six-monthly adjustment in line with an appropriate index and periodic review by an expert panel at least every four years.<sup>23</sup>

**Recommendation 5: Ensure income support payments are in line with reasonable costs of living, through periodic review by an independent panel and regular indexation.**

## **Appropriateness of current arrangements for supporting people with disability experiencing insecure or inequitable employment**

People living with psychosocial disability in receipt of DSP have previously told Mental Health Australia about the support they would need if they wanted to find and maintain a job, their advice included:<sup>24</sup>

- Access to better quality, coordinated mental health care and support;
- A supportive and understanding employer/work environment with appropriate adjustments;
- Leave entitlements that are sufficiently flexible to accommodate the need to take time off frequently and unpredictably;
- Support from a mentor or peer-worker;
- Access to appropriate education and training with support to stay engaged; and
- A reduction in stigma and a belief that colleagues will accept people with lived experience of mental illness.

Income protection insurance policy could also be improved to better support people with experience of mental ill-health and psychosocial disability to engage or re-engage with employment. Income protection insurance provides benefits in the event that a person is unable to work following an accident, illness or major trauma. Insurance and superannuation providers also play an important role in working with employers to assist people to return to work after a period of absence.

<sup>22</sup> National Mental Health Consumer & Carer Forum and Mental Health Council of Australia (2014). *Making the Welfare System Work for Mental Health Consumers & Carers*. p.40 Retrieved 6 July 2021 from [https://mhaustralia.org/sites/default/files/docs/mhca\\_-\\_submissions\\_-\\_adjacent\\_systems\\_-\\_mcclure\\_review\\_of\\_the\\_welfare\\_system\\_-\\_mhca\\_august\\_2014.pdf](https://mhaustralia.org/sites/default/files/docs/mhca_-_submissions_-_adjacent_systems_-_mcclure_review_of_the_welfare_system_-_mhca_august_2014.pdf)

<sup>23</sup> National Mental Health Consumer & Carer Forum and Mental Health Council of Australia (2014). See footnote 22

<sup>24</sup> National Mental Health Consumer & Carer Forum and Mental Health Council of Australia (2014). See footnote 22



Income protection insurance is available by default through most employee superannuation schemes, and can also be obtained through the private market.

Unfortunately, many people with experience of mental ill-health are unable to access the benefits and supports of income protection insurance. On the basis of a prior history of mental ill-health, many people are forced to pay increased premiums, have applications and claims rejected, or are excluded from cover all together, regardless of whether the claim is related to mental illness or not.

In many cases, the barriers to insurance faced by people with experience of mental ill-health could be removed through simple steps, such as better designed insurance products and better understanding of mental health issues by insurance underwriters and frontline staff. In other cases, the solutions are not clear, because of the complexity and lack of transparency in the risk assessment process. For people with experience of mental ill-health who may periodically require absences from work, fairer access to income protection insurance could provide better job security and peace of mind, as well as financial support in lieu of paid work, outside of the government income support system.

**Recommendation 6: Review income protection insurance policies to investigate options to improve fair access to income protection for people with lived experience of mental ill-health.**

## Broader economic benefits of improved income support payments

A high functioning income support system that supports people with psychosocial disability effectively would:

- Increase labour force participation by people with lived experience of mental ill-health and the people who care for them
- Reduce overall expenditure on income support over the long term, by providing more incentives for people with lived experience of mental ill-health and the people who care for them to work as and when they are able;
- Reduce expenditure across the health and social services systems as a result of improvements to the health and wellbeing of people with psychosocial disability;
- Increase community confidence in the effectiveness and sustainability of the income support system and related social services;
- Reduce the costly burden of administration, compliance and red tape through redesigned employment services, simplified payment structures and better integration between the income support and other service systems.

Equally, there are significant risks if the Government does not improve the income support system, including:

- Consigning people with severe and persistent mental ill-health and people who care for them to a lifetime of social and economic exclusion;
- Failing to improve Australia's comparatively low rates of participation in education, employment and training by people with psychosocial disability;
- Missing an opportunity to take concerted and constructive action to address disadvantage, labour market exclusion and poverty.





## Conclusion

As a fundamental component of Australia's social security system, the Disability Support Pension should ensure that any Australian experiencing impacts of a disability which prevent them from employment, has the means to live a dignified and contributing life in our community.

This is particularly important for people with psychosocial disability, which is often associated with severe functional impacts, and makes up the largest proportion of people receiving the DSP. People with psychosocial disability face high costs of living associated with health costs to manage psychosocial and other health conditions, as well as discrimination in seeking employment and income insurance.

Mental Health Australia calls on the Australian Government to implement the recommendations of previous inquiries to improve income support for people with disability, including providing support to complete DSP applications, increased incentives for recipients to participate in employment, support to reduce discrimination by employers and independent review of income support payment rates.

The Australian Government must meet its own 'mutual obligation' responsibilities by providing reasonable income support and services which support the capacity of individuals to participate socially and economically and recognise the rights of people with disability to adequate standard of living and social protection.

Mental Health Australia would be pleased to provide further evidence to assist the Committee in its inquiry.

## Recommendations

- 1. Provide support for people with psychosocial disability to engage with services, including to apply for income support.**
- 2. Treating Doctor Reports are made billable under Medicare and re-instated as a mandatory requirement for GPs.**
- 3. Increase the number of hours per week DSP recipients can work over an extended period before losing eligibility from 30 to 38hrs.**
- 4. Provide assistance and education to employers to break down stigma and barriers to employment for people with psychosocial disability.**
- 5. Ensure income support payments are in line with reasonable costs of living, through periodic review by an independent panel and regular indexation.**
- 6. Review income protection insurance policies to investigate options to improve fair access to income protection for people with lived experience of mental ill-health.**



# Mental Health Australia



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