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## Opening Statement: COVID-19 Senate Inquiry

Australian Federation of Disability Organisations

AFDO Technical Experts on Social Security

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**1<sup>st</sup> July 2020**

The Australian Federation of Disability Organisations and the AFDO Technical Experts Social Security Working Group including Social Security Rights Victoria and Western Sydney University have been working on these issues together since the emergence of the Pandemic. We thank you for inviting us to contribute to this Senate Inquiry. This Opening Statement Focuses on the Impact of COVID-19 on recipients of Carers Payment and people with disability in receipt of or applying for the Disability Support Pension (DSP).

### **Acknowledgment**

We would like to acknowledge the Government's rapid response to the changing economic landscape with the impact of the Pandemic especially in relation to the a) double of the Jobseeker payment to cover the cost of living; b) implementation of the Jobkeeper payment to employers to maintain staff where possible; c) suspending the DSP reviews so that persons with disability did not have to navigate a public health system under severe strain with the pandemic; and d) one-off supplement payments for non-JobSeeker payment recipients.

## Areas for Improvement

While generally the Government's response has been appropriate, timely and efficient, there are a number of areas that remain uncertain or could have been improved:

1. DSP and Carer Payment recipients are more vulnerable to the Pandemic (both through direct health and other secondary consequences), and have been disproportionately negatively affected. Recipients are more likely to need to remain in isolation, which exacerbates living costs and barriers to support. This includes a lack of access to public transport, increased costs for food and delivery, increased utility costs, inability to access bulk or cheaper priced food and necessities, and difficulty in obtaining necessary medication. (In regards to supermarket access in particular, the current 7am dedicated hours in certain supermarkets is helpful for some, but many people with disability are unable to access that time as their physical, cognitive disability, or other issues, may prevent them from participating at that hour. Access to priority delivery online also involved an expensive delivery fee which complicated the capacity of people with disability to access delivery. Smaller orders also had a surcharge attached to the order.)
2. Despite the cost of living and general expenditures for DSP and Carer Payment recipients increasing on average due to the Pandemic, the DSP and Carers Payment remained at their existing level. Only two economic support payments of \$750.00 per payment were provided to DSP and Carer Payment recipients.
3. The JobSeeker Payment (previously Newstart) was doubled (March - September 2020) and is now significantly higher than the DSP. This has created confusion and anxiety for existing DSP recipients who feel their needs (especially during a time of crisis) are being ignored or discounted by the Government. It is noted that whilst steps are being taken to increase support during the Pandemic through the NDIS, many DSP recipients are not receiving NDIS support.
4. The disparity between DSP and JobSeeker Payment has caused potential DSP applicants to attempt to remain on the JobSeeker Payment. It has also led DSP recipients to question whether they should remain on the DSP given their immediate living costs and increased expenditures. This is despite the DSP being the more appropriate payment given both groups' disability and work capacity.
5. Many recipients of DSP and Carers Payment were in part-time or casual work to supplement their income prior to the Pandemic. This cohort is more sensitive to a shrinking job market, and more likely to have lost their source of supplemental income early during the Pandemic, or forced to voluntarily withdraw from the workforce to prioritise their health or the health of those they cared for. Many who have left or lost their jobs during the Pandemic have either been unable to or found difficulty in obtaining JobKeeper, which is not a social security payment. There will continue to be high unemployment

for people with disability requiring sustained access to Jobseeker and the DSP.

6. The category of people with 'Partial Capacity' on JobSeeker Payment often have severe disabilities, a range of comorbidities, that makes them highly vulnerable and therefore, should not be forced to participate in programs such as work for the dole, mutual obligations and associated activities. We commend that the Australian Government has amended many mutual obligation requirements, but for this cohort such activities should be removed completely as a requirement of payment.

## **Recommendations**

- A. Increase the DSP and Carer Payment proportionately to the increase in JobSeeker Payment to acknowledge the increased cost of living and loss of employment for Carer Payment and DSP recipients.
- B. Suspend mandatory participation in mutual obligations requirements for the life of the Pandemic, without limiting or delaying qualification for the DSP (through the Program of Support requirements).
- C. Continue to work closely with supermarkets, healthcare services, public transport services, and other essential goods and service providers to ensure barriers to these goods and services are removed or reduced for persons living with disability and their carers.
- D. Continue to consult and work closely with those living with disability, and disability representative organisations, employment rights services, and social security rights services to ensure appropriate policy development and its implementation for those living with disability and their carers, particularly during the Pandemic.
- E. Review funding arrangements to ensure adequate funding for community based disability, employment, and social security support services, including legal services, to protect the rights of persons living with disability and their carers.

## Context

The Department of Social Services data (DSS, 2018) shows that in December 2018 there were 750,045 recipients of the DSP - 399,603 (53.3%) of whom were men and 350,442 (46.7%) were female. Most DSP recipients were single (578,399 persons or 77.1%) with 171,646 (22.9%) being partnered.[1]

There were 49,035 people receiving the DSP who self-identified as Aboriginal, Torres Strait Islander or South Sea Islander. This suggests that Indigenous Australians are two and a half times more likely to be on the DSP than non-Indigenous Australians, reflecting both a higher prevalence of disability as well as significantly higher rates of unemployment and socio-economic disadvantage (Soldatic, 2018; Soldatic, 2018a).[2]

The number of new DSP recipients per year has decreased from 89,000 in 2009–10 to around 32,000 in 2016–17. The rate of successful DSP claims has also declined markedly from 69% in 2010-11, 40.6% in 2013-14 to 29.8% in 2017-18. The average duration over which individuals receive a DSP payment is 688 weeks or around 13 years.[3]

The tightening of the eligibility criteria for DSP has led to a significant transition of recipients from receiving the DSP to JobSeeker which is paid at a lower rate. As at December 2014 there were 153,582 individuals in the partial capacity to work group receiving JobSeeker, representing 21.1 per cent of all JobSeeker recipients. Four years later, in December 2018 the number had grown by 30.2 per cent to almost reaching 200,000 Australians. Those classified as having 'partial capacity to work' now account for nearly 28% of all JobSeeker recipients.[4]

Disability affects more than 30% of Australian households (ABS, 2018). Many persons with disability experience poor economic outcomes (Meyer and Mok, 2018) with disability and income having a strong negative relationship (Loyalka et al. 2014). People with disability often face barriers to education and skills development, and consequently, experience difficulties with employment and tend to receive a lower wage (Stern 1989). People with disability are also more likely to lose their jobs and thereby face reductions in their earnings and ultimately their standard of living.[5]

People with disability on the DSP have higher living costs and poorer health outcomes than people without disability. The National Centre for Social and Economic Modelling reported that:

- 31% of people on the then Newstart Allowance / 18% of DSP Recipients / 26% Indigenous DSP Recipients couldn't pay fuel/telephone bill on time due to money shortage
- 54% of people on Newstart Allowance / 34% of people on DSP have a household standard of living worse than 2 years ago
- 27% of Newstart Allowance Recipients / 23% of DSP Recipients can't afford to have friends or family over for a meal once a month[6]

Professor Alex Collie in his 2019 DSP Health Survey found that people receiving the DSP and JobSeeker were more likely than wage earners to report health problems across a range of other disease categories. Both DSP and JobSeeker groups were at greater risk of multi-morbidity (presence of multiple health conditions) than wage earners.[7]

The rate of health service use was much higher in DSP recipients than wage earners. For example, more than two in every five (42.6%) DSP recipients visited a General Practitioner more than 10 times in the previous 12 months, compared to less than 5% of wage earners and 19% of JobSeeker recipients.[8]

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Professor Alex Collie in his 2019 DSP Experiences Survey found that

- 77% of participants receiving the DSP disagreed or strongly disagreed with the statement 'The amount of Centrelink payments you receive are enough for you to buy what you need'[10]
- 81% of participants who have applied for DSP responded that they disagreed or strongly disagreed with this statement, 'Centrelink has treated you fairly'
- 57% of participants receiving the DSP and 70% of participants who have applied for the DSP disagreed or strongly disagreed with the statement 'Centrelink has made decisions quickly',
- 87% of participants receiving the DSP disagreed or strongly disagreed with the statement 'It has been easy to get in contact with Centrelink',
- 78% of participants receiving the DSP and 92% of participants who have applied for DSP disagreed or strongly disagreed with the statement 'Overall, your interactions with Centrelink have been stress-free'[11]

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AFDO reports that people with disability were alarmed at the 10% loading from NDIS Plans with no discernible increase in either frequency or quality or the disability support they were receiving.[12]

[1] LJingjing Li, Hai Anh La, Laurie Brown, Riyana Miranti, Yogi Vidyattama. “ Inequalities in Standards of Living: Evidence for Improved Income Support for People with Disability” National Centre for Social and Economic Modelling October 2019

[2] *ibid*

[3] *ibid*

[4] *ibid*

[5] LJingjing Li, Hai Anh La, Laurie Brown, Riyana Miranti, Yogi Vidyattama. “ Inequalities in Standards of Living: Evidence for Improved Income Support for People with Disability” National Centre for Social and Economic Modelling October 2019

[6] *ibid*

[7] Professor Alex Collie, Luke Sheehan, Dr Ashley McCallister. “The Health of Disability Support Pension and Newstart Allowance Recipients” Monash University August 2019

[8] *ibid*

[9] *ibid*

[10] *ibid*

[11] Professor Alex Collie, Luke Sheehan, Dr Ashley McCallister and Genevieve Grant. “DSP Experiences Study -Preliminary Report” Monash University December 2019

[12] <https://www.ndis.gov.au/news/4769-update-ndia-coronavirus-covid-19-supports>