Commonwealth Risk Management

Inquiry based on Auditor-General’s report 18 (2015-16)

Joint Committee of Public Accounts and Audit
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List of Recommendations

Recommendation 1

1.28 The Committee recommends that the Department of Social Services and the Department of Human Services conduct an end-to-end review of the administration of the Disability Support Pension program, involving consultation and engagement with stakeholders.

Recommendation 2

1.32 The Committee recommends that the Auditor-General consider the merits of a follow-up audit of the Department of Social Services and Department of Human Services’ administration of the Disability Support Pension. This audit could also focus on the implementation of recommendations made by previous Auditor-General and committee reports.

Recommendation 3

2.12 The Committee recommends that the Department of Social Services and Department of Human Services undertake and publicly report the outcomes from an evaluation of the reviews of recipients under 35 years of age and the 2016–17 measure for 90,000 additional reviews, and give particular emphasis to the issues raised in paragraph 2.11.

Recommendation 4

2.13 The Committee recommends that the Department of Social Services and Department of Human Services investigate the capture and sharing of data between Federal departmental systems and with State and Territory governments to improve the identification and exclusion from review of manifestly eligible and other severely disabled recipients.
Recommendation 5

3.10 The Committee recommends that the Department of Social Services and Department of Human Services undertake a transparent review, which should include independent expert input and stakeholder engagement, of the changes to the evidentiary process introduced to consider:

- the impact on timeliness and efficacy of decision making in assessing new claims and recipients under review;
- the consequences and trends for reviews and appeals; and
- ways to improve communication.

Recommendation 6

3.16 The Committee recommends that the Department of Human Services consider the merits of increasing the time given for clients under review to provide documents, noting the current period of 21 days has proven insufficient in many cases. Further to this, that the Department of Human Services consider the additional time constraints that people in regional areas may face in producing documentary evidence in a short timeframe.

Recommendation 7

3.18 The Committee recommends that the Department of Social Services and Department of Human Services undertake a post-implementation review of the Program of Support requirements for claimants.

Recommendation 8

3.20 The Committee recommends that the Department of Social Services review the List 1 of conditions that provides eligibility for manifest grants of the Disability Support Pension. The Committee recommends particular attention is given to the merits of including chromosomal disorders, such as Down syndrome, on List 1.

Recommendation 9

4.11 The Committee recommends that the Department of Social Services, in cooperation with the Department of Human Services, report back to the Committee on its progress in implementing audit recommendations numbers 3 and 4 of Report No. 18 (2015–16) and the findings and
implementation plans from current relevant reviews being undertaken by the departments and those recommended by the Committee in this report.
1. Executive Summary

1.1 The Joint Committee of Public Accounts and Audit’s Inquiry into Commonwealth risk management was based on the Auditor-General’s report No. 18 (2015–16) Qualifying for the Disability Support Pension.

1.2 Risk management should be an integral part of the way the Australian Public Service conducts business. Risk management in most Commonwealth entities is governed by the Commonwealth Risk Management Policy, issued under the Public Governance, Performance and Accountability Act 2013 (PGPA Act). The goal of the Risk Management Policy is to embed risk management as part of the culture of entities where the shared understanding of risk leads to well-informed decision making.

1.3 The Disability Support Pension (DSP) is a complex program providing billions of dollars of support to hundreds of thousands of individuals each year and has been operating for several decades. Effective risk management is therefore vital to ensure administrative efficiency and budget pressures are balanced against the burdens placed on individual claimants and recipients.

1.4 The Committee’s inquiry commenced nine months after the tabling of the Australian National Audit Office’s (ANAO) audit report, due to the federal election and reconstitution of the Committee. In the interim period, the Government introduced relevant Budget measures and new assessment and review processes. Given this, the inquiry considered two related but distinct phases:

- the ANAO audit period and recommendations arising from the audit report; and
the period since, during which a range of new departmental procedures and processes have been implemented, which were not subject to the ANAO audit.

1.5 The Committee examined the risk management, assessment and review processes in place during both the ANAO audit and in the post-audit period. The new reviews and processes are described at the end of this section.

1.6 The Committee noted that the assessment and review processes audited by the ANAO were found to be in keeping with legislation, policy and guidance. However, following the implementation of new processes, a broader range of concerns raised by submitters were considered by the Committee.

1.7 Taking into account the new processes introduced since the audit and evidence submitted to the Inquiry, the Committee concludes there is further scope for administrative and risk management improvements to the DSP program.

1.8 The Committee’s recommendations on each of the likely areas for improvement are described below, along with recommendations for an end-to-end departmental review and for the Auditor-General to consider the merits of a follow up audit.

Targeting of recipients for review

1.9 The Committee considers that accurate targeting of recipients for review of their disability support pension is essential to efficiently achieve policy outcomes, reduce administrative costs and minimise unnecessary burden on vulnerable members of the public.

1.10 The Committee received a number of submissions and heard evidence of poorly targeted reviews by the Department of Human Services (DHS). The Committee notes DHS's assertions that it has refined its targeting of reviews from the time of the 2014–15 Budget measure to the 2016–17 Budget measure. The Committee is also pleased to note that both DHS and the Department of Social Services (DSS) have implemented steps to improve the guidance for, and documentation of, assessments. If implemented properly, better documentation should assist with future targeting of reviews.
1.11 However, the Committee has not been provided with a copy of, or extracts from, the Regulatory Impact Statement for the review measures. DHS cited Cabinet-in-Confidence for Short Form Regulatory Impact Statements as the reason for not providing the Statement. DHS outlined to the Committee some of the criteria used to target reviews for the 2016–17 Budget measure, but provided no information on how this criteria was modified from previous reviews.

1.12 Without regulatory impact data, or adequate detail on how the targeting has been refined, the Committee is unable at this time to draw conclusions on the effectiveness of the refined targeting approach.

1.13 Therefore, the Committee recommends that the outcomes of the Budget measures be evaluated in order to fully scrutinise the effectiveness of targeting and risk management of the DSP program. This evaluation should explicitly consider:

- whether the initial objectives and performance criteria of the reviews were achieved;
- any burdens imposed on recipients, and in particular whether certain recipients were more affected;
- whether targeting of reviews was effective, including the efficacy of risk profiling and selection criteria;
- the cost efficiency of conducting reviews;
- trend data between the two reviews; and
- improvements to possible future review processes.

### Assessment and review processes

1.14 DHS has stated that the new evidentiary processes for claims and reviews ‘add an additional level of assurance to the Disability Support Pension claim process.’

1.15 However, the Committee found that the time to complete assessments and reviews has increased and that approximately one person in six who appeal
an initial rejection is ultimately granted the DSP. Furthermore, two-thirds of reviews under the 2016–17 measures will not be subjected to one step—a Disability Medical Assessment—in the review process.

1.16 Evidence suggests that improving the quality of communication with claimants and recipients is likely to improve both decision-making and the timeliness of assessments and reviews while also potentially lowering the number of appeals. The Committee considers this will benefit vulnerable claimants relying on payments whilst minimising costs of reviews and appeals.

1.17 In this respect, the Committee recommends DSS and DHS undertake an evaluation of the changes to the evidentiary process introduced to consider:

- whether they have led to improved efficiency in assessing new claims and recipients under review;
- the consequences and trends for appeals; and
- ways to improve communication.

1.18 The Committee considers that the current period of 21 days for clients under review to provide documents to support their claim in many cases, insufficient. The Committee is concerned to hear this timeframe has, in some circumstances, caused additional stress on vulnerable individuals and notes the further challenges a short timeframe places on people in regional areas in producing documentary evidence. The Committee recommends that DHS consider the merits for increasing the time given for clients under review to provide documents, noting the evidence that the current period of 21 days has proven insufficient in many cases.

1.19 The Committee notes concerns raised by submitters with the Program of Support (POS) requirements and that the definition of ‘severe’ disability may exclude claimants with significant disabilities but whose impairments fall across multiple categories. The Committee recommends that DSS and DHS undertake a post-implementation review of the POS requirements.

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3 Analysis based on DHS, *Question on Notice number 4*, received 30 January 2017.

1.20 The Committee received evidence suggesting that modifications may need to be made to the list of manifest conditions known as ‘List 1’—those conditions where diagnosis alone makes a person eligible for the DSP. The Committee recommends DSS review the List 1 conditions and particularly consider the merits of including chromosomal disorders such as Down syndrome.

**Performance monitoring and reporting**

1.21 The Committee agrees with the ANAO and submitters that the publicly reported performance information regarding the administration of the DSP offers limited information on the sustainability of the DSP or its service delivery. It is therefore difficult to externally analyse the efficiency or effectiveness of the assessment and review processes.

1.22 The Committee notes advice from DSS and DHS that the departments are undertaking a review of the performance information that is monitored and published, which is due to be completed in 2017.

1.23 This review should be comprehensive—covering new claims, reviews of recipients and the appeals process—and should aim to both improve internal business management and publicly reported information.

1.24 The Committee recommends that the departments report back on their progress in implementing the original ANAO recommendations in this area and also on the findings and implementation plans from current relevant reviews.

**Review of DSP program**

1.25 A number of matters of prima facie concern arose during the course of the inquiry that, to date, have not been satisfactorily addressed.

1.26 It is apparent—through departmental evidence to the inquiry—that a number of evaluations and reviews of different aspects of the program are currently underway, or planned for the near future.

1.27 Given the significant policy changes that have occurred in recent years, the Committee considers that a piecemeal approach to evaluation may not consider the totality of the issues raised. Therefore, the Committee recommends that DSS and DHS undertake an internal review of the end-to-
end administration of the DSP program, which involves consultation and engagement with stakeholders.

**Recommendation 1**

1.28 The Committee recommends that the Department of Social Services and the Department of Human Services conduct an end-to-end review of the administration of the Disability Support Pension program, involving consultation and engagement with stakeholders.

**Follow up audit**

1.29 The Committee recommends a series of evaluations be undertaken on key elements of the DSP, and that the departments involved report back on how they are improving the monitoring and reporting of performance information.

1.30 These evaluations should identify ideas to improve the administration of the DSP. However, ideas need to be implemented to see real change.

1.31 Therefore, to provide Parliament with assurance that administration of this important national program is refined over time, the Committee recommends that the Auditor-General consider the merits of a follow-up audit and provide advice to the Committee through discussions on the ANAO’s work program.

**Recommendation 2**

1.32 The Committee recommends that the Auditor-General consider the merits of a follow-up audit of the Department of Social Services and Department of Human Services’ administration of the Disability Support Pension. This audit could also focus on the implementation of recommendations made by previous Auditor-General and committee reports.

**DHS – engagement with Committee inquiry**

1.33 It became clear at the hearing that DHS was able to provide information on its progress in responding to ANAO recommendations that would have more appropriately formed the basis of a submission. It would also have been a better use of the Committee’s time to receive the information as a submission ahead of the hearing.
1.34 As a guiding principle, departments should provide a submission in advance of hearings and, where necessary, an opening statement that is succinct and addresses the matters under inquiry.
A summary of audit report coverage and the new review processes

Box 1.1

The audit fieldwork was completed from December 2014 to April 2015.

In 2012 the then Government revised the Impairment Tables used to assess eligibility for the DSP. The audit report examined, among other things, the impact of those changes. The audit report noted that the revised Impairment Tables aimed to taper DSP growth and reduce the number of new grants.

During the audit fieldwork, DHS commenced the 2014–15 Budget measure for medical reviews of recipients under 35 years.

After the ANAO concluded its field work, the Government implemented changes to the evidentiary process for assessing new claims and reviewing current recipients of the DSP. The new processes include requesting raw medical evidence in place of the treating doctor’s report—as part of the Job Capacity Assessment stage—and the introduction of the Disability Medical Assessment as a second stage after completion of a Job Capacity Assessment.

As the reviews of recipients under 35 years progressed, those individuals were then reviewed under the new processes. Then in the 2016–17 Budget, the Government announced another measure to review 30,000 DSP recipients per year for three years.

Due to the timing, the ANAO did not audit the new review measures or assessment processes.
2. Targeting reviews of recipients

2.1 This chapter discusses issues related to the targeting of reviews of recipients of the Disability Support Pension (DSP), a major component of the risk management approach adopted by the Department of Social Services (DSS) and Department of Human Services (DHS) in their administration of the DSP. This chapter comprises:

- Committee conclusions and recommendations
- Review of evidence
  - Implementation of Australian National Audit Office (ANAO) recommendations
  - Targeting as a form of risk management
  - Balance and transfer of risk

Committee conclusions and recommendations

2.2 The Committee considers that accurate targeting of individuals for review of their DSP is essential to efficiently achieve policy outcomes, reduce administrative costs and minimise unnecessary burden on vulnerable members of the public.

2.3 The Committee notes that some submissions have raised concerns with DHS’ targeting of reviews of the DSP. The Committee is concerned to hear that some recipients with manifest or severe disability have had their DSP
reviewed under the 2014–15 measure for targeted review of recipients under 35 years of age.¹

2.4 The Committee considers that DHS could undertake a more efficient targeting process to help inform recipient selection using rent assistance and related data. It is considered highly unlikely that DSP recipients who meet the threshold for ongoing state-funded residential care will have ceased to be eligible for the DSP.

2.5 The Committee’s attention was drawn to the initial outcomes of the 2016–17 reviews—that only 1.6 per cent of reviews have resulted in people being moved off the DSP. Further, the ANAO reported that 13.7 per cent of the 2014–15 reviews undertaken by October 2015 had resulted in cancellation of payment. Given the significant reduction in identification of ineligible recipients, the Committee considers the efficacy of the risk profiling and selection criteria for these reviews should be evaluated.

2.6 The Committee acknowledges statements made by DHS that it has refined its targeting of reviews from the 2014–15 Budget measure to the 2016–17 Budget measure. However, the department provided little in the way of evidence as to the nature of these refinements.

2.7 The Committee has not been provided with a copy of, or extracts from, the Regulatory Impact Statement for the review measures. The departments, while providing some information on the new targeting measures, have not provided the Committee with specific detail on how the targeting of reviews has been refined over time.

2.8 Without regulatory impact data, or adequate detail on how the targeting has been refined, the Committee is unable at this time to draw conclusions on the effectiveness of the refined targeting approach. It is also unable to draw conclusions about whether the need for payment integrity was adequately balanced with the costs of reviews and the need to minimise burdens imposed on recipients. A full assessment of the cost to Government of the reviews should include the administrative costs to the departments, as well as other costs such as Medicare charges for medical assessments, reports and tests.

¹ See, for example: Inclusion Australia, Submission 35, p. 2; Down Syndrome Australia, Submission 18, p. 2; Name Withheld, Submission 5; Name Withheld, Submission 7; Name Withheld, Submission 17.
2.9 The Budget measures have substantially increased the number of medical reviews undertaken each year—the ANAO found these are far more likely to result in cancellation of the DSP than other types of reviews. A focus on medical reviews, coupled with proper targeting of recipients most likely to have changed medical circumstances, helps to balance the risks of the DSP program.

2.10 The Committee heard evidence from submitters that data matching with other Government payments and systems is not being used to exclude recipients who present little risk of becoming ineligible for the DSP. As a result, an individual in full-time state-funded residential care and a carer in receipt of the Government’s Carer Payment were selected for review. DHS confirmed it has limited capacity to cross-check data.

2.11 Therefore, the Committee recommends that the outcomes of the Budget measures be evaluated in order to fully scrutinise the effectiveness of targeting and risk management of the DSP program. This evaluation should explicitly consider:

- whether the initial objectives and performance criteria of the reviews were achieved;
- any burdens imposed on recipients, and in particular whether certain recipients were more affected;
- whether targeting of reviews was effective, including the efficacy of risk profiling and selection criteria;
- the cost efficiency of conducting reviews;
- trend data between the two reviews; and
- improvements to possible future review processes.

**Recommendation 3**

2.12 The Committee recommends that the Department of Social Services and Department of Human Services undertake and publicly report the outcomes from an evaluation of the reviews of recipients under 35 years of age and the 2016–17 measure for 90,000 additional reviews, and give particular emphasis to the issues raised in paragraph 2.11.
Recommendation 4

2.13 The Committee recommends that the Department of Social Services and Department of Human Services investigate the capture and sharing of data between Federal departmental systems and with State and Territory governments to improve the identification and exclusion from review of manifestly eligible and other severely disabled recipients.

Review of evidence

2.14 This section reviews the evidence received by the Committee regarding the targeting of DSP reviews, including:

- Implementation of ANAO recommendations
- Targeting as a form of risk management
- Balance and transfer of risk

Implementation of ANAO recommendations

2.15 The ANAO found that documentation could be improved, as could the targeting of reviews.\(^2\)

2.16 As will be explored further in Chapter 3, comprehensive documentation of a claimant’s medical conditions in the initial assessment of DSP claims would support the capacity for appropriately targeting reviews.

2.17 The ANAO made two recommendations in this respect:

- **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 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.

- **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

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\(^2\) The ANAO found that 25 per cent of report documentation could have been improved. ANAO Report No. 18 (2015–16), p. 27.
recipients whose medical conditions have a greater prospect of improvement.³

2.18 DHS and DSS agreed with the above recommendations and acknowledged that improvements can be made to provide full documentation of eligibility decisions and in the efficiency and effectiveness of risk profiling to identify recipients subjected to review.⁴

2.19 DHS advised the Committee that both recommendations have been fully implemented.⁵

2.20 At the public hearing, DHS informed the Committee that it has ‘implemented and published training and revised procedures which clearly outline the level of detail required in job capacity assessment reports’. DHS advised the Committee that job capacity assessors have ‘clear and current guidelines on accessing work capacity using the impairment tables’. Furthermore, DHS has developed a training package to advise delegates on how to take action to override a job capacity assessment report if they so need to.⁶

2.21 The improvements DSS and DHS have made to risk profiling (targeting) reviews are discussed in detail below.

2.22 Since the ANAO’s audit, DHS has changed the process for collecting documentation to support a DSP claim. Chapter 3 of this report examines evidence from submissions that raise concern with the efficiency and robustness of the new processes.

Targeting as a form of risk management

2.23 Commonwealth entities are required under the Public Governance, Performance and Accountability Act 2013 (PGPA Act) to ‘establish and maintain… an appropriate system of risk oversight and management for the entity… and internal control’.⁷ The Commonwealth Risk Management Policy

⁵ Dr Jill Charker, Deputy Secretary, Department of Human Services (DHS), Committee Hansard, Canberra, 30 November 2016, pp. 14-15.
⁶ Dr Charker, DHS, Committee Hansard, Canberra, 30 November 2016, pp. 14-15.
⁷ Public Governance, Performance and Accountability Act 2013, Section 16.
supports this framework by setting the standard for managing risks in the public sector.\(^8\)

2.24 In relation to the administration of the DSP, risk is managed in part by risk-based compliance reviews. The aim of these reviews is to ‘ensure people are on the right support for their situation and assist people where appropriate to move into work and study’.\(^9\)

2.25 During the audit, the ANAO noted a disconnect between the type of review undertaken and the likelihood of that review affecting an individual’s eligibility: while medical reviews are the review type mostly likely to result in a rejection of a DSP claim, only five per cent of reviews included one.\(^10\) As a result, ANAO found the significant activity required to conduct these reviews did not necessarily result in equally significant numbers of reductions or cancellations of DSP eligibility.\(^11\) For the period of the audit fieldwork, the ANAO reported that each year approximately 68,000 DSP recipients had their eligibility tested; 6,600 (just under 10 per cent) of those had their payments reduced or cancelled as a result.\(^12\)

2.26 During the audit, the Government announced in the 2014–15 Budget a measure to medically review 28,000 recipients under the age of 35 years.\(^13\) The ANAO reported that by October 2015, 13.7 per cent of the 18,742 reviews of under 35s undertaken had resulted in cancellation of payment.\(^14\)


\(^12\) ANAO, Audit Report No. 18 (2015–16), p. 41.


At the Additional Estimates hearing, DSS reported that 24,000 reviews were conducted under the measure and that 23 per cent were taken off DSP. Source: Ms Cath Halbert, Group Manager, Department of Social Services, Senate Community Affairs Legislation Committee, Additional Estimates 2016-17, 2 March 2017, p. 83.
2.27 The ANAO found that this measure consequently decreased the chances of recipients above that age bracket having their eligibility reviewed. In the 2016–17 Budget, the Government announced funding to medically review 90,000 more DSP recipients, which would include those over 35 years. DSS is expecting this measure to result in 10 per cent of recipients reviewed being moved off DSP.

2.28 For the 2016–17 measure, as at February 2017, 14,613 reviews have commenced, with 4,222 finalised. Of those finalised, only 1.6 per cent have been taken off the DSP.

2.29 The Committee asked for a breakdown of reviews conducted under Budget measures and those as a result of DHS’ own compliance activities. DHS did not provide this detail to the Committee, but referred the Committee to its Annual Report, which aggregates all Social Security and Welfare Programme Compliance, without breaking down the data by pension type. The Committee did not consider this to be a helpful response.

Evidence of poor targeting

2.30 The 2014–15 and 2016–17 Budgets allocated funds to conduct targeted DSP reviews with the aim to reduce the number of recipients. The ANAO noted that priority ought to be given to reviewing recipients whose conditions are likely to improve within two to five years. Evidence from submissions suggests that some recipients who are highly unlikely to see improvement

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17 Ms Halbert, DSS, Senate Community Affairs Legislation Committee, Additional Estimates 2016–17, Proof Committee Hansard, 2 March 2017, p. 83
19 DHS, Question on Notice number 6, Supplementary Response, received 1 March 2017.
20 Mr Grant Hehir, Auditor-General, ANAO, Committee Hansard, Canberra, 30 November 2016, p. 10.
have been included in the reviews.\textsuperscript{22} Instead, criteria such as extensive time spent overseas are used to prompt a review.\textsuperscript{23}

2.31 People granted DSP under manifest rules are supposed to be excluded from these reviews.\textsuperscript{24} However, the Committee received evidence that, as recently as September 2016, DHS has conducted medical reviews into recipients with manifest disability, often with seemingly substantial supporting evidence that should already be available to DHS.\textsuperscript{25}

2.32 DHS noted that its targeting is only as good as the information on its system.\textsuperscript{26} Dr Jill Charker, Deputy Secretary, DHS, further explained:

So if we do not have indicators in the system which indicate, for example, that a person may in fact be manifestly eligible...then we may, unfortunately, pick up a small number of them, but we are looking to try to find other indicators which together might indicate that someone is actually quite likely to be manifestly eligible, and we then undertake additional checks of that person before we then initiate the review.\textsuperscript{27}

\textsuperscript{22} See, for example: Name Withheld, Submission 5; Name Withheld, Submission 7; Name Withheld, Submission 17.

\textsuperscript{23} Mr Miles Brown, Senior Lawyer, Victoria Legal Aid, Committee Hansard, Canberra, 30 November 2016, p. 10; Australian Council of Social Service (ACOSS), Submission 32, p. 2.

\textsuperscript{24} Medical risk-based reviews for existing DSP recipients are being conducted using the following criteria:

You may be eligible for a review if you currently receive DSP and have not been granted or had a medical review in the past 2 years. You will be excluded from a medical risk based review if you:

\begin{itemize}
  \item are 60 years of age or over
  \item were granted DSP under current manifest rules
  \item are working in Australian Disability Enterprises or under Supported Worker Systems, or
  \item are being paid under an International Agreement and are residing permanently overseas.
\end{itemize}


\textsuperscript{25} See, for example: Name Withheld, Submission 16, p. 2; Name Withheld, Submission 7; Name Withheld, Submission 16.

\textsuperscript{26} Dr Charker, DHS, Committee Hansard, Canberra, 30 November 2016, p. 18.

\textsuperscript{27} Dr Charker, DHS, Committee Hansard, Canberra, 30 November 2016, p. 18.
2.33 Inclusion Australia has received complaints from people with intellectual disability and their families granted DSP on manifest grounds that have been subject to a review.\textsuperscript{28}

2.34 Similarly, Down Syndrome Australia is aware that people with Down syndrome are being medically reviewed. Down Syndrome Australia propose that people with Down syndrome and other chromosomal disorders be excluded from medical reviews of their DSP given the permanent nature of the disorders.\textsuperscript{29}

2.35 DHS advised the Committee that a person with a severe intellectual disability, as defined in the impairment tables, is excluded under the manifest rules. However, the Department’s records may not sufficiently record manifest eligibility, particularly if the grant was approved prior to 2012.\textsuperscript{30}

2.36 DSS gave evidence to the Committee that ‘the terms and criteria around manifest grants are not in fact legislated. It is a policy guidance’.\textsuperscript{31}

2.37 DHS advised the Committee that in implementing the ANAO’s recommendation on this matter, it has refined indicators used to identify recipients who may no longer medically qualify for DSP. The Committee heard that the department used results of the 2014–15 reviews to improve the indicators for the 2016–17 Budget measure for reviews.\textsuperscript{32}

2.38 DHS also advised that in October 2016, ‘additional exclusion criteria were added to reduce the risk of selecting recipients with severe disabilities which may not be considered manifest, but are unlikely to improve over time. More than 100 conditions were added to the exclusion criteria including

\textsuperscript{28} Inclusion Australia, Submission 35, p. 2.

\textsuperscript{29} Down Syndrome Australia, Submission 18, p. 2.


\textsuperscript{31} Ms Serena Wilson, Deputy Secretary, DSS, Committee Hansard, 30 November 2017, p. 14.

\textsuperscript{32} Dr Charker, DHS, Committee Hansard, Canberra, 30 November 2016, p. 15.
intellectual disability, neurodegenerative disorders and congenital syndromes.’

2.39 Evidence from DHS and submitters suggests there is limited capacity for departmental systems and procedures to identify serious, non-treatable conditions that are not considered manifest, and to prioritise reviews according to the severity of the condition and likelihood of recovery.

2.40 DHS provided the Committee with some of the criteria used to target reviews for the 2016–17 Budget measure. These include:

- the person’s age and the length of time in receipt of Disability Support Pension;
- whether they were granted before the Impairment Tables were implemented in January 2012;
- if the person has regularly reported any income;
- if the person has a pattern of overseas travel;
- if the person has not previously attended a Job Capacity Assessment; and
- if the person has not been medically reviewed in the last two years.

2.41 The Committee asked how the criteria were modified from previous reviews but was not provided a response.

2.42 Asked why it does not publish the criteria for targeting of reviews, DHS explained that ‘there are quite a number of them and the effect of them will differ according to a particular person’s circumstances’.

**Data matching**

2.43 More broadly, poor targeting of reviews is often the result of incomplete information. Submitters suggest data matching with other Government payments and systems is not being used effectively to exclude recipients who present little risk of becoming ineligible for the DSP. For example, in

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33 DHS, Question on Notice number 7, Supplementary Response, received 1 March 2017.

34 DHS, Question on Notice number 32, received 21 December 2016; Name Withheld, Submission 16, pp. 4-6; Name Withheld, Submission 5, p. 4.

35 DHS, Question on Notice number 7, Supplementary Response, received 1 March 2017.

36 DHS, Question on Notice number 7, Supplementary Response, received 1 March 2017.

37 Dr Charker, DHS, Committee Hansard, 30 November 2016, p. 11.
the absence of data matching, DHS reviewed a recipient who lives in residential care funded by the government and another recipient who has a carer receiving the Government’s Carer Payment, administered by DHS.\textsuperscript{38} These submitters raised issue with DHS wasting their time and money, and causing psychological and financial stress, reviewing individuals who receive government-funded full-time care.\textsuperscript{39}

2.44 At the hearing, DHS confirmed that the system used to identify DSP recipients does not have the capability to cross-check against DHS records on rent assistance payments made for residential care.\textsuperscript{40} For example, DHS was unable to provide the number of recipients who live in state-supported residential care who had their DSP reviewed.\textsuperscript{41}

2.45 DSS gave evidence to the Committee that ‘manifest grants may be made where a person…has an assessment indicating the person requires nursing home level care’.\textsuperscript{42} Despite this, DHS advised that ‘the specifics of the care, whether it was home-based, state-based or private, would not be captured in code that can be extracted for reporting purposes’.\textsuperscript{43}

2.46 While DSS and DHS have a data-matching program—governed by the \textit{Data-matching Program (Assistance and Tax) Act 1990}—the objectives of the program appear to be focussed on identifying debts owed to Government.\textsuperscript{44}

\textbf{Overseas travel as a trigger for review}

2.47 In its submission, the Australian Council of Social Service (ACOSS) discusses the use of overseas travel as a trigger to instigate a review. ACOSS notes that this ‘provides some evidence in support of concerns in the sector that reviews are poorly targeted, with arbitrary criteria used to select people

\textsuperscript{38} Name Withheld, \textit{Submission 16}, pp. 4-6; Name Withheld, \textit{Submission 5}, p. 4.

\textsuperscript{39} Name Withheld, \textit{Submission 16}, pp. 4, 6; Name Withheld, \textit{Submission 5}, p. 4.

\textsuperscript{40} Dr Charker, DHS, \textit{Committee Hansard}, 30 November 2016, p. 12.

\textsuperscript{41} DHS, \textit{Question on Notice number 33, Supplementary Response}, received 1 March 2017.


\textsuperscript{43} DHS, \textit{Question on Notice number 33, Supplementary Response}, received 1 March 2017.

\textsuperscript{44} DHS, \textit{Annual Report 2015–16}, Appendix E.
for review’. ACOSS said it is ‘unclear what relationship overseas travel bears to meeting qualification criteria for DSP’.\textsuperscript{45}

2.48 Submitters suggest that first reviewing these people’s files would in cases confirm the ongoing, severe and permanent nature of the disability or illness; this would also confirm the client is a low risk of subverting the eligibility criteria.\textsuperscript{46}

**Balance and transfer of risk**

2.49 Submitters noted the costs, financial and time, associated with providing evidence to demonstrate eligibility, as well as the stress burden borne by DSP recipients facing a review of their eligibility.\textsuperscript{47}

2.50 DHS confirmed to the Committee that a Regulatory Impact Statement outlining the likely costs to individuals was produced but cannot be released or published as it remains Cabinet-in-Confidence.\textsuperscript{48}

2.51 Similarly, while the review process seeks to manage the risk of paying recipients who do not qualify for the DSP, it comes at the expense of increasing the risk of individuals being put onto other income support payments.

2.52 As some stakeholders noted, a consequence of the reduced granting of DSP eligibility is an increase in Newstart recipients with a partial work capacity:

> It is likely that the number of long-term recipients of Newstart (those who receive the payment for 12 months or more) will rise if more people with partial work capacities are moved onto the payment from DSP.\textsuperscript{49}

\textsuperscript{45} Australian Council of Social Service (ACOSS), *Submission 32*, p. 2.

\textsuperscript{46} Julie Conquest, *Submission 17*, pp. 2-3; Name Withheld, *Submission 2*, p. 1.


\textsuperscript{48} DHS, *Question on Notice number 9a, Supplementary Response*, received 1 March 2017.

\textsuperscript{49} ACOSS, *Submission 32*, p. 1.
2.53 Under the 2014–15 measure, 2,800 recipients of DSP were transferred to the Newstart Allowance between 1 July 2014 and September 2016. As at 30 December 2016, 99 per cent of these were still receiving Newstart.\textsuperscript{50}

2.54 In DSS’ submission to this inquiry it only referred to the risk of people staying on the DSP when they are no longer eligible.\textsuperscript{51} No other understanding of risk as it relates to the administration of the DSP or other social security payments was discussed.

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\textsuperscript{50} DHS, \textit{Senate Community Affairs Legislation Committee, Supplementary Estimates 2016-17 Question on Notice 4}, 27 February 2017.

\textsuperscript{51} DSS, \textit{Submission 28}, p. 3.
3. Assessment and review processes

3.1 This chapter discusses the Committee’s findings in relation to the assessment and review process for the Disability Support Pension (DSP). It comprises the following sections:

- Committee conclusions and recommendations
- Review of evidence
  - Impact of new processes since audit
  - Improving communication
  - 21 days to provide medical evidence
  - Proposed policy changes

Committee conclusions and recommendations

3.2 The Committee notes that the assessment and review processes audited by the Australian National Audit Office (ANAO) were found to be in keeping with legislation, policy and guidance.¹

3.3 The Committee, however, also notes that the ANAO found that improvements could be made to the efficiency and risk management of the Department of Human Services’ (DHS) processes as these stood at the time of the audit.

3.4 New assessment processes have now been introduced since the ANAO concluded its fieldwork in April 2015. Changes include the requirement to submit original medical records in place of using treating doctors’ reports,

and the introduction of a new Disability Medical Assessment (DMA) stage after a Job Capacity Assessment has been completed.

3.5 Submitters to the Inquiry claimed that these new processes have not improved the efficiency or effectiveness of the program. The time to complete assessments and reviews has increased, and some submitters have claimed that the new processes may result in an increase in the number of appeals and percentage of changed decisions.²

3.6 DHS has stated that the new processes ‘add an additional level of assurance to the Disability Support Pension (DSP) claim process.’³ However, despite these new processes, the aggregate set aside rate of reviews and appeals in 2015–16 is 16.4 per cent—or that approximately one person in six who appeal an initial rejection is ultimately granted the DSP.⁴ Furthermore, two-thirds of reviews under the 2016–17 measure will not be subjected to one step—a DMA—in the review process.⁵

3.7 The Committee concludes that the quality of communication with claimants and recipients under review could be improved. This is likely to improve the timeliness of conducting assessments and reviews and also the number of appeals. In particular, the Committee notes the evidence it received regarding a lack of clarity in outlining what information people should include in their claim or review response; program of support requirements; and clearer use of the terms ‘fully diagnosed, treated and stabilised’. In this regard, the Committee encourages DHS to consider the recommendations made by Victorian Legal Aid (VLA) regarding improving communication with claimants and recipients.

3.8 The Committee accords with the view that it should be a key principle of DSP administration to make the right decision as early as possible in the process.⁶ DHS gave evidence to the Committee that ‘it would be in the

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² Victoria Legal Aid (VLA), Submission 34, p. 11; National Welfare Rights Network (NWRN), Submission 27, p. 6; Department of Human Services (DHS), Question on Notice number 15, received 30 January 2017.

³ DHS, Question on Notice number 11, received 30 January 2017.

⁴ Analysis based on DHS, Question on Notice number 17, received 30 January 2017.


⁶ VLA, Submission 34, p. 2.
interests of the DSP customer, as well as, of course, the department and the broader cost-effective use of resources to try to get all the information that is relevant to the decision process as early as we can’.7

3.9 The Committee agrees with submitters that there are likely to be efficiencies to be gained in the assessment process and that the rate of successful reviews and appeals could be reduced with improved communication. The Committee therefore recommends that an evaluation of these elements be conducted by the Departments.

Recommendation 5

3.10 The Committee recommends that the Department of Social Services and Department of Human Services undertake a transparent review, which should include independent expert input and stakeholder engagement, of the changes to the evidentiary process introduced to consider:

- the impact on timeliness and efficacy of decision making in assessing new claims and recipients under review;

- the consequences and trends for reviews and appeals; and

- ways to improve communication.

3.11 The Committee considers that the current period of 21 days for clients under review to provide documents may be insufficient. The Committee is concerned to hear this timeframe has caused additional stress on vulnerable individuals and notes the further challenges a short timeframe places on people in regional areas in producing documentary evidence.

3.12 DHS has advised that being asked to provide ‘current and existing’ medical evidence does not require recipients to attend appointments or obtain reports from medical specialists at short notice.8 The Committee heard evidence that this view does not reflect the experience of those undergoing

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7 Dr Jill Charker, Deputy Secretary, DHS, Committee Hansard, Canberra, 30 November 2016, p. 22.

8 DHS, Question on Notice number 34, Supplementary Response, received 1 March 2017.
reviews and is not being clearly communicated to individuals (including via the information sheet\(^9\) provided to those undergoing reviews).

3.13 Given the stated requirement that the medical evidence be ‘current’, the Committee notes that many recipients would nonetheless require updated medical records, particularly for long-term conditions, which in turn would require a recent medical appointment and documentation.

3.14 It is also apparent from the DHS information sheet, and the experience of submitters, that the likelihood of extensions to the timeframe; the discretion applicable to the departmental definition of ‘current medical evidence’; and the possibility of obtaining DHS assistance in contacting medical professionals is not made explicit to those selected for review.

3.15 The Committee is concerned by the evidence it has received suggesting that recipients undergoing review, and their families and carers, suffer stress and financial hardship in complying with the 21-day timeframe to respond. DHS has advised that extensions to the 21-day timeframe are available and the Committee notes that 35 per cent of people under review requested extensions.\(^{10}\) DHS has advised that if people request and require an extension they will receive it—yet individuals report long wait periods on the telephone service to get what is in effect an automatic extension.\(^{11}\)

Recommendation 6

3.16 The Committee recommends that the Department of Human Services consider the merits of increasing the time given for clients under review to provide documents, noting the current period of 21 days has proven insufficient in many cases. Further to this, that the Department of Human Services consider the additional time constraints that people in regional areas may face in producing documentary evidence in a short timeframe.

3.17 The Committee notes the concerns raised by submitters with the Program of Support (POS) requirements: that requiring enrolment in POS for DSP

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\(^{10}\) DHS, *Question on Notice number 35*, received 30 January 2017.

\(^{11}\) Sherri Hickey, *Submission 13*, p. 2; Villamanta Disability Rights Legal Service (VDRLS), *Submission 40*, p. 9.
eligibility may unnecessarily exclude valid claimants; and the definition of ‘severe’ disability which may exclude claimants whose impairments fall across multiple categories. The Committee considers there is merit in the Department of Social Services (DSS) and DHS undertaking a post-implementation review of the POS requirements.

Recommendation 7

3.18 The Committee recommends that the Department of Social Services and Department of Human Services undertake a post-implementation review of the Program of Support requirements for claimants.

3.19 The Committee received evidence suggesting that modifications to the List 1 of manifest conditions—those on which, by diagnosis alone, a person is eligible for the DSP—may need to be made, particularly in relation to chromosomal disorders such as Down syndrome. Currently, people with Down syndrome are on List 2 and, as such, are required to also establish their prognosis and/or level of care required to be granted manifest eligibility. Given that everyone who has Down syndrome will have some degree of permanent intellectual disability, the Committee considers that there is merit in DSS reviewing whether to reclassify Down syndrome onto List 1.

Recommendation 8

3.20 The Committee recommends that the Department of Social Services review the List 1 of conditions that provides eligibility for manifest grants of the Disability Support Pension. The Committee recommends particular attention is given to the merits of including chromosomal disorders, such as Down syndrome, on List 1.
Review of evidence

3.21 This section outlines the evidence received by the Committee during its inquiry, and includes the following themes:

- Impact of new processes since audit
- Improving communication
- 21 days to provide medical evidence
- Proposed policy changes.

3.22 The ANAO audit did not make formal recommendations regarding the assessment and review processes discussed in this chapter, although it did suggest refinements, as will be noted.

Impact of new processes since audit

3.23 Since the ANAO audit, the process for collecting and assessing medical evidence has changed. This includes requesting raw medical data instead of a treating doctor’s report (TDR) and the introduction of an additional step—a DMA, conducted by a Government-contracted doctor.

3.24 Some submissions to this inquiry have been critical of the new processes for assessing eligibility for claims and continuing eligibility for reviews. Submitters suggested that the new processes are inefficient, create delays in processing and increase the rate of appeals. The Committee agrees with evidence that suggestions made by the ANAO (relating to the old process) could be usefully applied to the new processes. This includes policy guidance and training products for decision makers, and reviewing appeals to discover any lessons to be learnt.

3.25 The National Welfare Rights Network (NWRN) is concerned that the inclusion of the DMA and removal of the TDR has ‘undermined the quality of the DHS assessment process.’ It is worth noting that the ANAO found that under the previous processes, sufficient medical evidence was collected.

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12 See, for example: NWRN, Submission 27, p. 5; VLA, Submission 34, p. 9.
13 Mr Miles Browne, Senior Lawyer, Victoria Legal Aid, Committee Hansard, Canberra, 30 November 2016, p. 7.
14 NWRN, Submission 27, p. 3.
to support assessments in most cases. Further, the NWRN said ‘there are a lot of questions to be raised about whether there was a sound reason for abandoning the use of a standard form’.

3.26 DHS has advised that the change in processes was ‘made so that assessors had access to more comprehensive medical information’. In a media release, the Minister for Human Services, the Hon Alan Tudge MP, said it ‘adds additional rigour to the assessment process.’

**Primary medical evidence**

3.27 The use of a TDR as the core medical evidence has been discontinued for new claims. The TDR had 14 questions to elicit information relevant to assessing the claim against the legislative requirements for the DSP. Since 1 July 2015, applicants have been advised to provide existing medical records in support of their claim. In response to a question on notice, DHS advised that the ‘change was made so that assessors had access to more comprehensive medical information’.

3.28 The NWRN contend that this change has made it ‘more difficult for claimants and their doctors to understand what information to provide to support their DSP claim’. Furthermore, submitters and witnesses state that the treating doctor remains in the best position to comment on a person’s disability and capabilities. As such, many submitters advocate for the return of the TDR:

> The persons treating Doctor has a thorough knowledge of the whole person. Often they have had the doctor patient relationship for many years. They are the ones who are best able to form an opinion on whether or not the person...
(their patient) with a disability is able to work 15 hours or more per week, in the open market and unsupported etc.\textsuperscript{22}

**Burden on individuals**

3.29 Submitters also raised concern that acquiring primary medical records can create an unreasonable burden on the claimant or recipient (if under review). This includes:

- the untargeted request for privacy-protected medical information;\textsuperscript{23}
- the difficulty individuals have in obtaining access to medical records;\textsuperscript{24} and
- the additional cost of medical appointments and assessments to obtain medical records.\textsuperscript{25}

3.30 For recipients who are under review, there is the additional burden of being asked to provide the documents within 21 days. This is explored in detail later in this chapter.

3.31 The Productivity Commission says good policy should be mindful of the compliance burden it imposes. The burden on individuals should be proportionate to the problem and avoid unnecessary costs.\textsuperscript{26}

3.32 A Regulatory Impact Statement was developed for this measure, which is supposed to consider the compliance burden, but has not been made available to the Committee.\textsuperscript{27}

**New Disability Medical Assessment**

3.33 The Job Capacity Assessment (JCA) remains in place. However, it is no longer the final assessment of a claim. If the JCA determines the claim (or review) meets eligibility requirements, the claimant is then subject to a DMA

\textsuperscript{22} Australian Unemployed Workers’ Union (AUWU), *Submission 25*, p. 4.

\textsuperscript{23} VDRLS, *Submission 40*, p. 6, 9.

\textsuperscript{24} VDRLS, *Submission 40*, p. 6, 9; ME/CFS patient organisations, *Submission 37*, p. 6.

\textsuperscript{25} VDRLS, *Submission 40*, p. 6; Name Withheld, *Submission 5*, pp 3-4; Name Withheld, *Submission 7*, p. 1.


\textsuperscript{27} DHS, *Question on Notice number 9, Supplementary Response*, received 1 March 2017.
conducted by a Government-contracted doctor.\textsuperscript{28} If the JCA rejects the claim, this additional oversight process is not engaged.\textsuperscript{29}

3.34 Submitters have expressed doubt on the value of the DMA and concern with the delay it causes in the claim process.\textsuperscript{30} The specific concerns raised are:

- added delays to processing claims whilst waiting for a DMA, by up to six months;\textsuperscript{31}
- the document is of such poor quality (compared to the TDR) that it could result in appeals;\textsuperscript{32}
- that referring all non-manifest claims for a DMA is inefficient when in some cases the person has a clear and very severe disability;\textsuperscript{33} and
- the high bar already set by job capacity assessors when recommending eligibility (rejecting claims where there is uncertainty) will likely result in the Government-contracted doctor agreeing with their view.\textsuperscript{34}

3.35 NWRN has called for ‘a public transparent evaluation of the new claims assessment process’ and gave evidence to the Committee that ‘a lot of the delays in the system are the wait between the job capacity assessment and the disability medical assessment’ and that ‘there is a question of efficiency and cost-benefit’.\textsuperscript{35}

3.36 VLA has called for the policy to be reviewed or alternatively, for DHS to implement quality assurance standards for DMAs. VLA said ‘it would certainly be useful to have some raw data…some transparency around the DMA process, and…a clear review of the DMA process.’\textsuperscript{36}

\textsuperscript{29} NWRN, Submission 27, p. 6.
\textsuperscript{30} See, for example: CYDA, Submission 38, p. 5; NWRN, Submission 27, p. 6; VLA, Submission 34, p. 11; AUWU, Submission 25, p. 4.
\textsuperscript{31} VLA, Submission 34, p. 11; NWRN, Submission 27, p. 6.
\textsuperscript{32} VLA, Submission 34, p. 11.
\textsuperscript{33} NWRN, Submission 27, p. 6.
\textsuperscript{34} NWRN, Submission 27, p. 5.
\textsuperscript{35} Mr Butt, NWRN, Committee Hansard, Canberra, 30 November 2016, p. 7.
\textsuperscript{36} VLA, Submission 34, p. 11; Mr Len Jaffit, Program Manager, VLA, Committee Hansard, Canberra, 30 November 2016, p. 8.
3.37 DHS has said that DMAs have been conducted in a ‘timely manner’ and that it has no plans to conduct an independent review of this part of the process. However, DSS confirmed that it has commenced an internal evaluation of the introduction of the DMA. It has no intention at this stage to review the entire assessment process.

3.38 The average time taken to complete an assessment has increased from 50 days during the ANAO audit, to 52 days in 2015–16, when DMAs were introduced. Whilst the time taken to complete a review has increased from 38 days in 2015–16 to 47 in 2016–17.

3.39 The departments were asked what prompted the change in evidentiary processes. DSS advised that the changes are ‘improving consistency and equity for DSP recipients’.

Improving communication

3.40 In line with the ANAO’s observations, the Committee received evidence that suggests communication with DSP applicants and recipients could be improved. Submissions indicate that this is an ongoing issue, compounded by poor communication regarding the new assessment processes.

3.41 Evidence suggests that clearer communication on what information is needed to support a claim would reduce the time taken to assess claims and the rate of appeals. When the ANAO examined the average time taken to process a DSP claim, it found that when a claim was delayed, the main reason was that the claimant failed to provide all the information needed to
assess the claim. Furthermore, the DSS advised the committee that between 20 and 25 per cent of appeals against rejected claims result in a changed decision and that these are primarily as a result of additional information being provided to support a claim.

3.42 The Committee heard evidence that ‘better information being given to applicants and better decision making by Centrelink at an earlier stage would reduce unnecessary hardship to people experiencing disability... The high set-aside rates for decisions at all stages of appeals set out in the ANAO report demonstrate that...many people who should be receiving disability pension are missing out on the correct entitlements for significant periods of time. Better information at an earlier stage also assists applicants to decide to not pursue unnecessary and unmeritorious claims or appeals’.

3.43 The Committee also heard evidence that due to a poor understanding of the DSP criteria, additional medical evidence is often provided after the initial claim. This creates questions on its validity, as medical evidence must reflect the person’s condition on the day of their initial claim. One witness testified decision makers are often reluctant to accept later evidence because on face value it is describing the person’s condition sometime after the claim was made. The witness argued, however, that the evidence could be used as the person’s ‘condition has not deteriorated or improved in that time’.

3.44 Children and Young People with Disability Australia report that people with disability ‘frequently experience significant barriers in obtaining clear, concise and accessible information about the DSP’.

3.45 The ANAO determined that there is ‘potential for reviews and appeals activity to be reduced by improving communication with customers’. This includes reducing unnecessary applications for review or appeal.

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46 Ms Serena Wilson, Deputy Secretary, DSS, Committee Hansard, 30 November 2017, p. 21.
47 Mr Jaffit, VLA, Committee Hansard, Canberra, 30 November 2016, p. 1.
48 Mr Browne, VLA, Committee Hansard, Canberra, 30 November 2016, p. 8.
49 CYDA, Submission 38, p. 6.
3.46 In particular, the ANAO noted that this could be done 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.\(^{52}\)

3.47 In response to this recommendation, DHS advised the ANAO:

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.\(^{53}\)

3.48 DHS also advised the Committee:

The Department of Human Services (the Department) is of the view that the information available to applicants is extensive but is always seeking to improve our communications across all available channels...

In all cases in which a claim for DSP is rejected, the Department telephones the claimant to personally advise the outcome of the claim, the reason the claim was unsuccessful, the avenues of appeal and, if applicable, to provide advice about alternative payment and services. The claimant also receives a letter containing this advice.\(^{54}\)

**Communicating program of support requirements**

3.49 It is a requirement for DSP claimants to have already commenced a program of support (POS) before making their claim for the DSP if they do not have a severe impairment.\(^{55}\) Submissions expressed concern that poor communication of the POS requirement results in claims being lodged before a POS is commenced and subsequently rejected, creating inefficiency in the claim process. DHS report that in 2015–16 POS requirements were a

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\(^{54}\) DHS, *Question on Notice number 40*, received 30 January 2017.

\(^{55}\) A severe impairment is defined in the legislation as an impairment of 20 points or more in a single impairment table. ‘The aim of POS requirements is to encourage people to improve their work capacity to the extent they are able, prior to claiming for DSP.’ Source: DHS, *Question on Notice number 24*, received 21 December 2016.
relevant factor in determining 3.8 per cent of claims. Of these, 1,190 claims were granted and 2,678 claims rejected due to the claimant not being engaged in a program of support.

3.50 Submitters suggest that improving information available before a claim is lodged would increase the number of people enrolling in a POS before applying for DSP, thus reducing the number of rejected claims. VLA suggest that the webpage, claim form and rejection letters be updated to include clear information about the POS requirement. Currently, neither the POS page nor the DSP page clearly outlines who is required to complete a POS and who is exempt.

3.51 DHS, in response to a question on notice, said it is reviewing all DSP eligibility information on its website. Its intention is to include a clear and simple explanation of the POS and other eligibility requirements by:

- updating the DSP claim form and supporting information; and
- releasing Videos on Demand on the Department’s website to explain DSP eligibility and assessment procedures.

These products are scheduled for release in the first half of 2017.

3.52 Currently, direct communication to all claimants on the POS requirement is not provided. DHS explained that this is not appropriate or relevant due to the claimant’s POS requirement being unclear until they have lodged their claim and medical evidence and because fewer than five per cent of claims are rejected on this basis. DHS noted that it does conduct a personal telephone Service Officer Interview with unsuccessful claimants. This contact includes advice about ‘connections to recommended POS services’.

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56 The ANAO found that 94 per cent of grants were assessed as having a severe impairment and thus exempt from the program of support requirement (ANAO, Audit Report No. 18 (2015–16), p. 26)

57 DHS, Question on Notice number 24, received 21 December 2016.

58 Peel Legal, Submission 14; PWdWA, Submission 20, p. 6; AUWU, Submission 20.

59 VLA, Submission 34, p. 7.

60 DHS, Question on Notice number 20, 30 January 2017.

61 DHS, Question on Notice number 20, 30 January 2017.

62 DHS, Question on Notice number 27, 30 January 2017.
Clearer use of ‘fully diagnosed, treated and stabilised’

3.53 The ANAO found that 35.8 per cent of claims are rejected because the medical conditions did not meet the requirement of being ‘fully diagnosed, treated and stabilised’. Submitters raised concern that this terminology is used inconsistently, creating confusion, and cannot be easily applied to complex diagnoses.

3.54 The ANAO found 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.

3.55 VLA claim that JCA reports will often list conditions as ‘permanent’ but not fully diagnosed, treated and stabilised. VLA says this leads to ‘considerable confusion and frustration on the part of applicants’.

3.56 Other submitters suggest that clearer definitions of ‘diagnosed, treated and stabilised’ are needed to recognise complex diagnoses, mental illnesses, and the current state of medical evidence for some conditions. One submitter’s daughter suffers from a permanent genetic condition that often results in hospitalisation and operations. A DHS assessor denied their daughter the DSP on the false basis that ‘ongoing treatment’ meant the condition was not stabilised. Chronic Fatigue Syndrome (ME/CFS) patient organisations said that currently there is no agreed medical treatment for ME/CFS, making it difficult for these patients to neatly fit into the DSP requirements.

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65 VLA, Submission 34, p. 8.
66 Name Withheld, Submission 13, p. 4; ME/CFS patient organisations, Submission 37, p. 11; Financial Counselling Australia, Submission 33, p. 2; Community Legal Centres Association WA, Submission 26, p. 7.
67 Name Withheld, Submission 13, p. 4.
68 ME/CFS patient organisations, Submission 37, p. 11.
3.57 VLA recommends that the legal definition of ‘permanent’ be better communicated and the Impairment Tables made more accessible.\textsuperscript{69}

21 days to provide medical evidence

3.58 Recipients subject to review are currently given 21 days to provide additional medical evidence to support their claim. Many submitters have voiced concern that 21 days is insufficient, unfair and creates an unnecessary emotional and financial toll on recipients and their families.\textsuperscript{70} Villamanta Disability Rights Legal Service (VDRLS) notes recipients face likely limitations on accessing specialists at short notice and limited financial and cognitive ability to respond in the short timeframe.\textsuperscript{71} Furthermore submitters note that if the letter is delayed in the post, the recipient will have less than three weeks to respond.\textsuperscript{72}

3.59 Submitters also point out that people in regional and remote areas face additional challenges such as the cost of travel and lack of available appointment times.\textsuperscript{73} People with Disabilities Western Australia (PWdWA) contend that the blanket 21-day policy does not take this into consideration when assessing or reviewing claims for DSP.\textsuperscript{74} ME/CFS patient organisations quoted another recipient who made a similar point:

\textsuperscript{69} VLA, Submission 34, p. 6.

\textsuperscript{70} See, for example: Mr Browne, VLA, Committee Hansard, 30 November 2016, p. 5; VDRLS, Submission 40, p. 9; Name Withheld, Submission 16, p. 2; Name Withheld, Submission 2, p. 1; AUWU, Submission 25, p. 5.

\textsuperscript{71} VDRLS, Submission 40, p. 9.

\textsuperscript{72} Carers Australia, Submission 31, p. 2; Name Withheld, Submission 16, p. 2.

\textsuperscript{73} PWdWA, Submission 20, p. 3; NWRN, Submission 27, p. 7; ME/CFS patient organisations, Submission 37, p. 11.


\textsuperscript{74} PWdWA, Submission 20, p. 3.
“[I] live in a regional area, 4 hours trip and 3 month waiting list to get to see my specialist (accommodation and travel costs at my own expense...).”

3.60 Submitters and witnesses generally proposed extending the timeframe.\(^{75}\) The Committee heard evidence that there is ‘a strong argument for providing more time. If there has been identification of reviews through a process, then arguably you could provide people with six months’ notice of a review’.\(^{77}\)

3.61 The Committee heard that ‘people with an intellectual impairment or an acquired brain injury will likely have been assessed under the old tables, without the need for a neuropsychological report...Obtaining those reports for a person with those disabilities in a regional area is hugely difficult. They may have to wait up to a year for specialist reviews in the public health system or obtain private funds to pay for reports that normally are above $1,000’.\(^{78}\)

3.62 DHS advised the committee at the hearing that it does provide support where needed, including ‘directly contacting treating health professionals’ or use the department’s own medical practitioners and allied health professionals to expedite aspects of the assessment process.\(^{79}\)

3.63 DHS also advised that individuals who are concerned about the timeframe can contact Centrelink and request an extension.\(^{80}\) However, VDRLS noted that it can be difficult for recipients to contact Centrelink, which makes this option unreliable.\(^{81}\)

3.64 DHS clarified that recipients are not ‘required to attend appointments with medical specialists and obtain reports at short notice,’ they are asked to provide ‘current and existing medical evidence’. DHS also noted that, ‘In

\(^{75}\) ME/CFS patient organisations, Submission 37, p. 8.

\(^{76}\) Mr Browne, VLA, Committee Hansard, 30 November 2016, p. 5; Name Withheld, Submission 16, p. 3; Name Withheld, Submission 2, p. 1; AUWU, Submission 25, p. 5.

\(^{77}\) Mr Browne, VLA, Committee Hansard, Canberra, 30 November 2016, p. 5.

\(^{78}\) Mr Browne, VLA, Committee Hansard, Canberra, 30 November 2016, p. 5.

\(^{79}\) Dr Charker, DHS, Committee Hansard, 30 November 2016, p. 17.

\(^{80}\) Dr Charker, DHS, Committee Hansard, 30 November 2016, p. 17.

\(^{81}\) VDRLS, Submission 40, p. 9.
practice, the Department also allows an additional 7 days for a total of 28 days’.

3.65 Under the 2016–17 review measure, 13,000 reviews have been conducted. Of those, 35 per cent have requested an extension to provide supporting medical evidence.

Proposed policy changes

3.66 This section outlines three key policy changes proposed by witnesses, in relation to:

- Program of Support
- Changes to manifest grants
- Benchmarking

Program of Support

3.67 Submitters advocated for changes to the legislation regarding the POS requirement. NWRN and VLA had concerns that requiring enrolment before claiming DSP arbitrarily excludes people who by any reasonable assessment, would not benefit from the program due to their permanent impairments.

3.68 Exemptions are allowed under the determination for claimants who enrolled in POS before claiming the DSP and it is determined they will not benefit from continued participation due to their impairment.

3.69 VLA recommend that the POS requirement is not applied to those unable to benefit from the program, whether or not they first enrolled in the program. VLA told the Committee that the requirement acts as an ‘unreasonable barrier’ by delaying access to the DSP.

3.70 Another concern raised was in relation to the definition of a severe impairment. Under the legislation, claimants are exempt if they have 20

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82 DHS, Question on Notice number 34, Supplementary Response, received 1 March 2017.
83 DHS, Question on Notice number 35, received 30 January 2017.
84 Mr Jaffit, VLA, Committee Hansard, Canberra, 30 November 2016, p. 1; NWRN, Submission 27, p. 11; VLA, Submission 34, p. 17.
85 DHS, Question on Notice number 24, received 21 December 2016.
86 Mr Jaffit, VLA, Committee Hansard, Canberra, 30 November 2016, p. 1; VLA, Submission 34, p. 4.
impairment points under a single table, which is defined as a severe impairment. NWRN argue there is no rational basis for differentiating a person with a single severe impairment from someone with multiple impairments that can be as severe.\(^{87}\)

3.71 Victorian Legal Aid has called for a formal public evaluation of the POS provisions to consider the cost-benefit analysis of the program and the impact on people with disability.\(^{88}\)

**Changes to manifest grants**

3.72 Down Syndrome Australia advocate for Down syndrome to be included on List 1 of conditions that provide eligibility for Manifest grants of DSP.\(^{89}\)

3.73 List 1 ‘catalogues conditions which are accepted as manifest (clearly and obviously meet all the DSP qualification criteria) on diagnosis alone’, and therefore claimants are eligible for DSP without the need for a JCA. Currently Down syndrome is on List 2, which requires a further step before eligibility can be confirmed without the need for a JCA. In the case of Down syndrome, assessors need to ‘Establish prognosis and/or level of care required as prognosis can vary and investigate whether there is an existing IQ score’, noting that ‘If IQ score indicates manifest eligibility, use this’.\(^{90}\)

3.74 Down Syndrome Australia consider this is inappropriate, noting that ‘Down syndrome is the most common cause of intellectual disability and everyone who has Down syndrome will have some degree of intellectual disability. It is not a ‘medical condition’.’\(^{91}\)

3.75 Given the permanent nature and inherent intellectual disability of Down syndrome and other chromosomal disorders, Down Syndrome Australia

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\(^{87}\) NWRN, *Submission 27*, p. 11

\(^{88}\) VLA, *Question on Notice number 1*, received 21 December 2016. With reference to Sections 8 (a)(iv) and (b) of the *Social Security (Administration) Act 1999*.


suggests that these conditions be moved to List 1 and recipients be granted manifest eligibility without additional assessment.\textsuperscript{92}

**Benchmarks**

3.76 In contrast to the short timeframe in which recipients are required to gather medical information, Financial Counselling Australia argued that the benchmark of 49 days for Centrelink to process claims is too long.\textsuperscript{93} DHS has a target of processing 70 per cent of claims within 49 days (ANAO found it achieved this in 68 per cent of cases surveyed).\textsuperscript{94}

3.77 Furthermore, submitters draw attention to the cumulative time taken when applications are rejected and have to be appealed, noting that the average time taken to complete internal reviews in 2014–15 was 70 days.\textsuperscript{95} Submitters raised concern of reports that administrative errors often further extend the process.\textsuperscript{96}

3.78 Submitters contend that these timeframes place significant financial burden on applicants who are often on the lower Newstart payments during this time and face an increased risk of eviction and homelessness. Financial Counselling Australia recommends the targets for completing assessments and reviews be revised.\textsuperscript{97}

3.79 DHS advised that it is working with DSS to develop ‘a revised key performance measure for DSP claim timeliness…to take into account the recent changes to the DSP assessment process.’\textsuperscript{98}

\textsuperscript{92} Down Syndrome Australia, *Submission 18*, p. 2.
\textsuperscript{93} DHS, *Question on Notice number 35*, received 30 January 2017.
\textsuperscript{95} Mr Patrick Carson, *Submission 29*, p. 3; Financial Counselling Australia, *Submission 33*, p. 1; ANAO, Audit Report No. 18 (2015–16), p. 35.
\textsuperscript{96} CYDA, *Submission 38*, p. 7.
\textsuperscript{98} Dr Charker, DHS, *Committee Hansard*, 30 November 2016, p. 15.
4. Performance monitoring and reporting

4.1 This chapter outlines the Committee’s findings based on the third and fourth Australian National Audit Office’s (ANAO) recommendations, both of which were related to performance monitoring and reporting. This chapter comprises:

- Committee conclusions and recommendations
- Review of evidence
  - Implementation of ANAO recommendations
  - Measuring efficiency
  - Analysing results of reviews and new processes
  - Effectiveness of the revised impairment tables
  - Publishing consistent data

Committee conclusions and recommendations

4.2 Government departments should strive to be as transparent as possible. By doing so, not only the Government but the public are better informed on whether Government policy is being administered effectively and efficiently, and whether policy intentions are being met.

4.3 The Committee agrees with the ANAO and submitters that the publicly reported performance information regarding the administration of the Disability Support Pension (DSP) offers limited meaningful analysis of the
efficiency of the assessment process.\textsuperscript{1} If adequate performance information is not being monitored, analysed and reported—including publicly—departments increase the risk of inefficiency in administration and decreased public trust in the system.

4.4 The Committee notes that the departments were able to provide the Committee with some performance information on the new assessment processes that seems to be previously unpublished. This indicates that at least this type of performance information can be produced and publicly reported in the future. However, as most of the information presented to the Committee did not offer substantial analysis of performance, there is scope to do more.

4.5 The ANAO found that there was a ‘lack of consistency’ in the data published by the two departments. The Committee noted that the Department of Social Services (DSS) and Department of Human Services (DHS) had not yet implemented a coherent internal project in response to this finding, but accepts that ensuring the consistency of publicly reported data is now a focus for DSS and DHS. The Committee trusts that increased consistency of available data will assist in the refinement and evaluation of the administration of the DSP.

4.6 The Committee accords with evidence that ‘access to data and transparency are fundamental to good administration’.\textsuperscript{2} The Committee notes that DSS and DHS are undertaking a review of the performance information that is monitored and published, which is due to be completed in 2017.\textsuperscript{3}

4.7 The Committee emphasises that this review of the performance information should be comprehensive—covering new claims, reviews of recipients and the appeals process—and should aim to both improve internal business management and publicly reported information. In particular, the Committee encourages DSS to consider the ANAO’s suggestion of more

\textsuperscript{1} ANAO, Audit Report No. 18 (2015–16), p. 51; National Welfare Rights Network (NWRN), Submission 27, p. 9; Victoria Legal Aid (VLA), Submission 34.2, p. 2; Australian Council of Social Service, Submission 32, p. 2.

\textsuperscript{2} Ms Fiona Guthrie, Chief Executive Officer, Financial Counselling Australia, Committee Hansard, Canberra, 30 November 2016, p. 8.

\textsuperscript{3} Department of Social Services (DSS), Submission 28, p. 5; Department of Human Services (DHS), Question on Notice number 1, Supplementary Response, received 1 March 2017; Ms Serena Wilson, Deputy Secretary, DSS, Committee Hansard, 30 November 2016, p. 19.
closely monitoring the reasons for changed eligibility decisions at each stage of the appeal process and using this to improve decision making and efficiency.

4.8 The Committee notes that a post-implementation review of the revised impairment tables is being undertaken and is due to be finalised in early 2017.

4.9 As noted in Chapter 3, DSS is also currently reviewing the introduction of the Disability Medical Assessment (the government-contracted doctors’ component of the assessment process).

4.10 The Committee welcomes the progress made by the departments to date, but considers that there is scope for further work, particularly given the significant changes to the program that have occurred since the audit report was tabled.

Recommendation 9

4.11 The Committee recommends that the Department of Social Services, in cooperation with the Department of Human Services, report back to the Committee on its progress in implementing audit recommendations numbers 3 and 4 of Report No. 18 (2015–16) and the findings and implementation plans from current relevant reviews being undertaken by the departments and those recommended by the Committee in this report.

Review of evidence

4.12 This section outlines the evidence received by the Committee regarding performance monitoring and reporting in the DSP system. It includes the following:

- Implementation of ANAO recommendations
- Measuring efficiency
- Analysing results of reviews and new processes
- Effectiveness of the revised impairment tables
- Publishing consistent data
Implementation of ANAO recommendations

4.13 The ANAO made two recommendations regarding performance monitoring and reporting:

- **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 consistent approach to the collection and publication of income support recipient data.

- **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.\(^4\)

4.14 The ANAO’s recommendations align with obligations under Section 37 and Section 38 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Under Section 37 and Section 38, a Commonwealth entity must properly measure, record and explain performance:

37(1) The accountable authority of a Commonwealth entity must cause records to be kept that properly record and explain the entity’s performance in achieving its purposes.

38(1) The accountable authority of a Commonwealth entity must measure and assess the performance of the entity in achieving its purposes.\(^5\)

4.15 DSS is the agency with overall responsibility for the performance monitoring and reporting of DSP as a program.\(^6\)

4.16 DSS reported that it has partially implemented the two ANAO recommendations on performance monitoring and reporting.

4.17 The Committee heard evidence from National Welfare Rights Network (NWRN) that two areas of concern not covered by the ANAO

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\(^4\) ANAO, Audit Report No. 18 (2015–16), pp. 58, 60.


recommendations are the new assessment process and the need to more closely examine service delivery in remote Aboriginal communities.\footnote{Mr Matthew Butt, Executive Officer, National Welfare Rights Network, 
*Committee Hansard*, 30 November 2016, p. 8.}

4.18 The following sections outline what has been implemented and where possible gaps remain.

**Measuring efficiency**

4.19 ANAO found DSS could enhance its performance information in a number of ways to support measuring operational efficiency.\footnote{ANAO, Audit Report No. 18 (2015–16), p. 51.} One way is to better measure the quality of decision-making on eligibility.\footnote{ANAO, Audit Report No. 18 (2015–16), p. 51.} In other words, understanding the reason decisions are changed at each step, and the cost of having the decision changed at that step, informs the efficiency of the process. Another is to monitor the unit costs of claims and reviews to gauge the net cost/benefit of conducting reviews. ANAO also proposed stakeholder feedback to supplement complaints data and better allocation of available resources. ANAO found an increased focus on these metrics would also assist DSS in identifying where service delivery improvements could be made.\footnote{ANAO, Audit Report No. 18 (2015–16), p. 51.}

4.20 The Committee heard evidence from DHS that these recommendations are intrinsic to the current review of the bilateral agreement between DSS and DHS, which will include how service delivery is measured.\footnote{Dr Jill Charker, Deputy Secretary, DHS, 
*Committee Hansard*, 30 November 2016, p. 20.} The two departments have ‘established a specific project to develop a more complete set of performance measures for the effective monitoring of the Disability Support Pension program’, which is due for completion ‘in the first half of 2017’.\footnote{DHS, 
*Question on Notice number 41*, received 21 December 2016.}
4.21 DHS further noted that:

The review includes an examination of the data that is collected, and options for reporting on performance from both a policy and service delivery perspective.¹³

4.22 ANAO noted that performance measures, ‘particularly those related to operational efficiency and service delivery, should also be reported externally, since it would provide a more complete picture of the efficiency of delivery of the DSP program’.¹⁴

Quality of decision making

Reporting

4.23 The ANAO found that DSS reports ‘little information about the efficiency, effectiveness and economy’ of the DSP or processes such as job capacity assessments.¹⁵

4.24 The ANAO recommended that the quality of decision making on eligibility be better reported. This would include reporting the percentage of original decisions changed through each step of the appeal process.¹⁶ The percentage, and rationale, of changed decisions on claims gives an indication of the quality of the eligibility decision making. The ANAO raised concern that DHS’ annual report records this performance information only at the aggregate level of all income support appeals.¹⁷

4.25 DSS advised that it will consider publishing the outcomes and trends of appeal and review data and that it is ‘something that [it] could potentially report on’.¹⁸

4.26 In response to a question on notice, DHS provided two tables that show more detailed performance information. With regard to internal reviews (the first step in the appeal process) the percentage of decisions changed has

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¹³ DHS, Question on Notice number 5, received 30 January 2017.


¹⁸ Ms Serena Wilson, Deputy Secretary, DSS, Committee Hansard, 30 November 2016, p. 19.
reduced significantly since 2009–10. In Administrative Appeals Tribunal (AAT) first reviews (the second step in the appeal process if the internal review upholds the original decision), the percentage has also reduced, albeit by a far smaller rate.\(^{19}\)

4.27 With regards to the 2014–15 measure for reviews of under 35 year olds, an increase in changed decisions was observed from the first to the second year of conducting the reviews. This was by an increase of four per cent at each of the first two stages of the appeal process.\(^{20}\) Notably, the number of reviews undertaken by the AAT increased significantly from 2014–15 to 2015–16: from 144 to 801 cases.\(^{21}\)

**Monitoring**

4.28 However, as the ANAO noted, numbers alone are not sufficient information for performance assessment. The ANAO proposed capturing detail of the reasons for each changed decision.\(^{22}\) As noted in Chapter 3, DSS is aware that the primary reason is additional information being provided. The Committee has not received any further information on the level of detail being monitored by DSS.

**Cost/benefit analysis**

4.29 The ANAO recommended that DSS and DHS monitor and report the per-unit cost for processing claims and appeals. This would enable analysis of the net cost/benefit of conducting reviews.\(^{23}\) The ANAO were unable to obtain this information from DHS at the time of the audit. The ANAO said that if this information was known, there could be an ‘assessment of the benefit of additional reviews versus the costs of providing someone with income support’.\(^{24}\)

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\(^{19}\) DHS, *Question on Notice number 17*, received 30 January 2017.

\(^{20}\) At the internal review stage, changed decisions went from nine to 13 per cent. At the AAT first review stage, changed decisions went from 17 to 21 per cent. DHS, *Question on Notice number 16*, received 30 January 2017.

\(^{21}\) DHS, *Question on Notice number 16*, received 30 January 2017.


\(^{24}\) Ms Edel Kairouz, Executive Director, ANAO, *Committee Hansard*, 30 November 2016, p. 19.
4.30 The ANAO noted that monitoring this information was needed for DSS to advise Government on ‘whether or not there was benefit in expanding review activity or targeting it better’.25

4.31 DHS was able to provide the Committee with some costing analysis of the Budget measures. The 2014–15 measure to review recipients under 35 years was still underway during the fieldwork of the audit and the 2016–17 measure was underway during the course of this inquiry. DHS advised the committee that the former is expected to cost $46.4 million over five years. The latter is expected to save Government $62.1 million over five years.26

4.32 At the Budget Estimates 2016–17 hearing, DSS provided an explanation for the differing financial outcomes between the two reviews:

Essentially, I guess we have updated experience, having done the under-35 recipient reviews on the people under 35 years. We made some estimates at the time that we put the last budget measure through. We did not have enough experience to know what the outcomes would be, so our estimate was that it would be a small net cost, as Ms Halbert set out. Our experience has been that a higher proportion than we would otherwise have estimated did not go on to an income support payment, and, consequently, there is a savings associated with those—and it is a higher level of cancellation that we are estimating as we go to a bigger group.27

4.33 Savings achieved through the 2016–17 measure are to be directed to the National Disability Insurance Scheme Savings Fund. DHS Parliamentary Budget Statements do not make clear the amount of savings that have been made to date.28

4.34 Ms Serena Wilson, of DSS, advised that overall the reviews are a ‘cost measure to Government, not a savings measure’, with a significant element of the cost being employment assistance.29

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25 Ms Kairouz, ANAO, Committee Hansard, 30 November 2016, p. 20.
26 DHS, Question on Notice number 9, received 21 December 2016.
27 Ms Serena Wilson, Senate Community Affairs Legislation Committee Hansard, Budget Estimates 2016–17, 6 May 2016, p. 125.
29 Ms Wilson, DSS, Committee Hansard, 30 November 2016, p. 20.
Analysing results of reviews and new processes

4.35 The ANAO recommended that DSS ‘analyse the results of reviews of continuing eligibility for DSP, review and appeal data and quality control information’.\(^{30}\)

4.36 ANAO found the current nature of the performance information ‘limits DSS’ ability to inform government in relation to the cost benefit of the eligibility processes’.\(^{31}\) A large proportion of the performance information is based on population characteristics, such as age and gender, and volume data on expenditure, such as average duration on payment and number of recipients on part rate.\(^{32}\)

4.37 DSS responded by saying that ‘monitoring and analysis of DSP review and appeals data is business as usual and as such is ongoing’ and that:

> Appropriate management information systems are being developed for the 2016–17 Budget DSP Reviews Measure to ensure results of the review program can be monitored and analysed.\(^{33}\)

4.38 As noted in Chapter 3, DSS and DHS are currently reviewing elements of the new assessment processes including the key performance measure for DSP claim timeliness. DSS explained that it continually uses performance information to monitor the impacts from policy changes and feeds that information back into program refinement.\(^{34}\)

Effectiveness of the revised impairment tables

4.39 The ANAO raised concern that the implementation of the revised impairment tables had led to a noticeable growth in the proportion of rejected claims for the DSP. The ANAO called for a post-implementation review of the impairment tables.\(^{35}\)


\(^{32}\) ANAO, Audit Report No. 18 (2015–16), p. 60; DHS, Question on Notice number 5, received 30 January 2017.

\(^{33}\) DSS, Submission 28, p. 5.

\(^{34}\) DHS, Question on Notice number 2, Supplementary Response, received 1 March 2017.

4.40 DSS is undertaking this review in consultation with DHS and advised the Committee the draft report ‘is in preparation and is expected to be finalised in 2017’. The report considers ‘the extent to which the revised tables have impacted on consistency of assessments, the composition of DSP grants, and trends in appeals and appeal outcomes’. The release of a final report ‘will be a decision for Government’.\textsuperscript{36}

### Publishing consistent data

4.41 ANAO observed that DHS and DSS have been publishing ‘different figures’ with a ‘lack of consistency’ on the number of DSP recipients: DSS draws data on DSP claims from the Department of Employment’s events data, whereas DHS reports finalised claims from its own data.\textsuperscript{37}

4.42 DHS advised the Committee at the hearing that there are continuing discussions between the departments which focus on expanding the range of data available on data.gov.au.\textsuperscript{38} DHS described this as the ‘agreed authoritative source of data for DSP’.\textsuperscript{39}

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\textsuperscript{36} DSS, \textit{Submission 28}, p. 5; DHS, \textit{Question on Notice number 18}, received 30 January 2017.

\textsuperscript{37} ANAO, Audit Report No. 18 (2015–16), p. 56.

\textsuperscript{38} Dr Charker, DHS, \textit{Committee Hansard}, 30 November 2016, p. 15.

\textsuperscript{39} DHS, \textit{Question on Notice number 5}, received 30 January 2017.
A. Terms of Reference and JCPAA Role

Terms of Reference

Any items, matters or circumstances connected with Auditor-General report No. 18 (2015–16) Qualifying for the Disability Support Pension

Having considered the Auditor-General Report on 13 October 2016, the Joint Committee of Public Accounts and Audit (JCPAA) resolved to conduct an inquiry into the report.

Under section 8(1) of the legislation establishing the JCPAA, the Public Accounts and Audit Committee Act 1951, one of the duties of the Committee is to ‘examine all reports of the Auditor-General (including reports of the results of performance audits) that are tabled in each House of the Parliament’ and ‘report to both Houses of the Parliament, with any comment it thinks fit, on any items or matters in those … reports, or any circumstances connected with them, that the Committee thinks should be drawn to the attention of the Parliament’.

JCPAA Role

The purpose of the Joint Committee of Public Accounts and Audit (JCPAA) is to scrutinise the governance, performance and accountability of Commonwealth entities and companies—focusing on whether public money is used in an efficient, effective, economical and ethical manner. The JCPAA is therefore the Parliament’s joint public administration committee.
The Committee’s powers are contained within *the Public Accounts and Audit Committee Act 1951*.

The Committee examines all reports of the Auditor-General, adopting inquiries, including thematic inquiries, based on specific audit reports. In adopting inquiries based on audit reports, the Committee considers:

- the significance of the program or issues raised in audit reports
- the audited agencies response to the audit
- the potential public interest benefits in conducting an inquiry

The Committee examines a broad range of evidence. In addition to the ANAO reports, the Committee receives submissions from audited agencies and the public, and conducts public hearings. The Committee also considers relevant public sector frameworks and findings of other relevant reviews, reports and audits. In particular, the Committee references the relevant sections of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), PGPA Rule 2014, and associated resource management guidance. As the primary piece of Commonwealth resource management legislation, the PGPA Act establishes a single system of governance and accountability for public resources.
B. Summary of ANAO Audit Report

Qualifying for the Disability Support Pension

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 olds\(^1\), including through drawing on medical and impairment risks identified during the claims processes.

### Recommendations

#### Table B.1 Recommendations

<table>
<thead>
<tr>
<th>Recommendation No.1</th>
<th>To provide full documentation of eligibility decisions, the ANAO recommends that Human Services:</th>
</tr>
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<tbody>
<tr>
<td><strong>Paragraph 2.19</strong></td>
<td>• (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</td>
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<tr>
<td></td>
<td>• (b) require delegates to clearly specify any changes they make to the Job Capacity Assessment reports.</td>
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<tr>
<td><strong>Response from audited entities:</strong></td>
<td><strong>Agreed.</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Recommendation No.2</th>
<th>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.</th>
</tr>
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<tr>
<td><strong>Paragraph 4.22</strong></td>
<td><strong>Response from audited entities:</strong> <strong>Agreed.</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Recommendation No.3</th>
<th>The ANAO recommends that DSS and Human Services:</th>
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<tr>
<td><strong>Paragraph 5.16</strong></td>
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</table>

\(^1\) 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.
<table>
<thead>
<tr>
<th>Recommendation No.4</th>
<th>To help identify further opportunities for improvement in the administration of DSP, the ANAO recommends that DSS, in cooperation with Human Services:</th>
</tr>
</thead>
</table>
| Paragraph 5.23      |  - (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. |
### C. Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ACOSS</td>
<td>Australian Council of Social Service</td>
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<td>ANAO</td>
<td>Australian National Audit Office</td>
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<tr>
<td>AUWU</td>
<td>Australian Unemployed Workers’ Union</td>
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<td>CYDA</td>
<td>Children and Young People with Disability Australia</td>
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<tr>
<td>DHS</td>
<td>Department of Human Services</td>
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<tr>
<td>DMA</td>
<td>Disability Medical Assessment</td>
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<tr>
<td>DSP</td>
<td>Disability Support Pension</td>
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<td>DSS</td>
<td>Department of Social Services</td>
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<td>JCA</td>
<td>Job Capacity Assessment</td>
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<td>ME/CFS</td>
<td>Myalgic Encephalomyelitis/Chronic Fatigue Syndrome</td>
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<td>NWRN</td>
<td>National Welfare Rights Network</td>
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<td>POS</td>
<td>Program of Support</td>
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<td>PWdWA</td>
<td>People with Disabilities Western Australia</td>
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<td>TDR</td>
<td>Treating doctor’s report</td>
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<td>VDRLS</td>
<td>Villamanta Disability Rights Legal Service</td>
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VLA	Victoria Legal Aid
D. Submissions

1. Name Withheld
2. Name Withheld
3. Confidential
4. Confidential
5. Name Withheld
6. Confidential
7. Name Withheld
8. Name Withheld
9. Confidential
10. Confidential
11. Confidential
12. Name Withheld
13. Name Withheld
14. Peel Community Legal Services Inc.
15. Confidential
16. Name Withheld
17 Julie Conquest
18 Down Syndrome Australia
19 Confidential
20 People with Disabilities WA
21 Name Withheld
22 Confidential
23 Confidential
24 Vision Australia
25 Australian Unemployed Workers' Union
26 Community Legal Centres Association (WA) Inc
27 National Welfare Rights Network
28 Department of Social Services
29 Mr Patrick Carson
30 Confidential
31 Carers Australia
32 Australian Council of Social Service
33 Financial Counselling Australia
34 Victoria Legal Aid
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  ▪ 34.2 Supplementary to submission 34
35 Inclusion Australia
36 People with Disability Australia Incorporated (PWDA)
37 ME/CFS patient organisations
38  Children and Young People with Disability Australia

39  Australian National Audit Office

40  Villamanta Disability Rights Legal Service Inc.

41  Living Positive Victoria

42  Department of Human Services
   - 42.1 Supplementary to submission 42
   - 42.2 Supplementary to submission 42
E. Public Hearings

Wednesday, 30 November 2016
Parliament House, Canberra

Care Financial Counselling Services
Ms Eileen Newmarch, Financial Counsellor

Financial Counselling Australia
Ms Fiona Guthrie, Chief Executive Officer

National Welfare Rights Network
Mr Matthew Butt, Executive Officer

Victoria Legal Aid
Mr Miles Browne, Senior Lawyer
Mr Len Jaffit, Program Manager, Commonwealth Entitlements Program

Australian National Audit Office
Mr Grant Hehir, Auditor-General
Ms Edel Kairouz, Executive Director, Performance Audit Services Group
Ms Michelle Kelly, Group Executive Director, Performance Audit Services

Department of Human Services
Dr Jill Charker, Deputy Secretary, Program Design
Ms Cathy Toze, Director, Disability Program
Ms Janine Pitt, General Manager, Disability Program
Department of Social Services

Ms Serena Wilson, Deputy Secretary
Ms Cath Halbert, Group Manager, Payments Policy Group