

Senate Community Affairs Legislation Committee
FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS
AND OTHER LEGISLATION AMENDMENT (BUDGET AND OTHER MEASURES)
BILL 2010

Outcome Number: Outcome 5 (Disability and Carers)

Question No:

Topic: Portability of Disability Support Pension (DSP)

Hansard Page: CA23

Senator Boyce asked: The purpose of a disability support pension is to assist people with the cost of living in Australia and to engage people of work force age in activities in Australia that will lead to greater levels of economic and social participation. Could you give me a reference for that definition?

Answer:

The second reading of the *Family and Community Services and Veterans' Affairs Legislation Amendment (2003 Budget and Other Measures) Bill 2003* on Tuesday 25 November 2003 by the Hon Senator Kay Patterson, the then Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women. (Senate Hansard page 17920).

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Topic: Portability of Disability Support Pension (DSP)

Hansard Page: CA 24/25

Senator BOYCE—Are you able to give us the figures on people within that category of severely disabled who have the potential to get into jobs and be rehabilitated to join the workforce or training?

Answer: FaHCSIA does not know the number of the people who are severely disabled who have the potential to get into jobs and be rehabilitated to join the workforce. However, there are currently around 90,000 people with an intellectual disability receiving DSP who would generally be assessed as being severely disabled. This group of DSP recipients have permanent life long impairments that will not improve. While many work in supported environments, such as Australian Disability Enterprises, or in open employment with ongoing support in the workplace, most would not have the potential to work or train without support.

Senator BOYCE—Would you have any statistics on how many people that were in that category in, say, 2008 that are no longer there?

Answer: FaHCSIA does not have statistics on how many of the DSP recipients who have left DSP since 2008 were severely disabled.

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Hansard Page: CA27

Senator Boyce asked: Are you able to give us a list of the workings of that, what you took into account, the payments that you did take into account and so forth?

Answer:

The measure is expected to save the Government \$8.4 million over the forward estimates period. The assumptions used are based on 2007/08 Centrelink data, which shows that approximately 1,000 DSP recipients made more than 3 trips outside Australia in that financial year. Out of this group, 154 spent less than 8 weeks in Australia.

FaHCSIA administered savings are based on the assumption that 150 DSP recipients (or 15 % of the DSP population who travel overseas regularly each year) will chose to remain overseas and will have their payment cancelled. It is assumed that once this provision is enacted the number of people choosing to remain overseas and cancelled from payment will reduce to 15 people each year over the out years.

The costing assumptions and estimates were agreed with the Department of Finance and Deregulation.

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Question No:

Topic: Portability of Disability Support Pension (DSP)

Hansard Page: CA 31

The Chair asked: Of the around 154 that you identified could be impacted immediately by this legislation, do you have any data on how many of those were born in Australia or not born in Australia?

Answer:

Centrelink data indicate that there are approximately 1,000 DSP recipients who take 3 or more return trips overseas each year. DSP recipients in this cohort will be affected by this measure if they are found not to be residing in Australia. Country of birth data for this cohort is provided below.

	COUNTRY OF BIRTH
AUSTRALIA	46%
NEW ZEALAND	7%
UNITED KINGDOM	7%
VIETNAM	5%
FIJI	4%
IRAQ	3%
SAMOA	2%
CHINA	2%
LEBANON	2%
PHILIPPINES	2%
TONGA	1%
INDIA	1%
INDONESIA	1%
MALAYSIA	1%
TURKEY	1%
ITALY	1%
other	14%

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Senator Boyce asked: Could we have a list of portable, limited portable and not portable (Australian pensions)?

Answer: see Attachment A.

Table 1: Portability conditions by payment type

Payment	Recipient	Absence	Period
Age	All	Any	Unlimited
DSP	All	Any	<p>Up to 13 weeks</p> <p><i>Exceptions</i> Severely disabled DSP recipients who have a terminal illness can have unlimited portability if they are departing permanently to their country of origin, or to be with, or near, a family member.</p> <p>Also can be paid overseas indefinitely if grandfathered under the pre 1 July 2004 legislation or covered by a social security agreement.</p> <p>May be paid for the duration of overseas study as long as the study can be credited towards their full time Australian course.</p>
Wife Pension (no new grants)	All	Any	<p>Up to 13 weeks</p> <p><i>Exceptions</i></p> <p>May be paid for the duration of overseas study as long as the study can be credited towards their full time Australian course.</p> <p><i>Exceptions</i> Some Wife Pension recipients are entitled to unlimited portability. This includes: (a) a woman who has at any time been an Australian resident for a period of, or for periods totalling, at least 10 years; or or (b) a woman who was, or is the partner of a man who was, the subject of a recommendation by an allegation authority that resulted in payment of an amount of compensation by the Commonwealth to her</p>

			<p>entitled to unlimited portability. This includes:</p> <p>(a) a woman who has at any time been an Australian resident for a period of, or for periods totalling, at least 10 years; or</p> <p>(b) a woman in receipt of a widow B pension because she was legally married and her husband died; or</p> <p>(c) a woman who was, or is the partner of a man who was, the subject of a recommendation by an allegation authority that resulted in payment of an amount of compensation by the Commonwealth to her or her partner.</p> <p>May be paid for the duration of overseas study as long as the study can be credited towards their full time Australian course.</p>
Widow Allowance	All	Any temporary	<p>Up to 13 weeks</p> <p><i>Exception</i> May be paid for the duration of overseas study as long as the study can be credited towards their full time Australian course.</p>
Parenting Payment	All	Any temporary	<p>Up to 13 weeks</p> <p><i>Exception</i> May be paid for the duration of overseas study as long as the study can be credited towards their full time Australian course.</p>
Austudy	All	Any temporary	<p>Up to 13 weeks</p> <p><i>Exception</i> May be paid for the duration of overseas study as long as the study can be credited towards their full time Australian course.</p>
Newstart Allowance	NSA recipients	<p>A temporary absence:</p> <ul style="list-style-type: none"> • to seek eligible medical treatment • to attend to an acute family crisis; or • for an humanitarian purpose 	<p>Up to 13 weeks</p> <p><i>Exception</i> Portable for length of Reserves service.</p>
Youth Allowance	Non-full-time students	<p>A temporary absence:</p> <ul style="list-style-type: none"> • to seek eligible medical treatment • to attend to an acute family crisis; or • for an humanitarian purpose 	<p>Up to 13 weeks</p> <p><i>Exception</i> Portable for length of Reserves service.</p>
Youth Allowance	Full-time students	Any temporary	<p>Up to 13 weeks</p> <p><i>Exception</i> May be paid for the duration of overseas</p>

			study as long as the study can be credited towards their full time Australian course.
Sickness Allowance	All	A temporary absence: <ul style="list-style-type: none"> • to seek eligible medical treatment • to attend to an acute family crisis; or • for an humanitarian purpose 	Up to 13 weeks
Special Benefit	All	A temporary absence: <ul style="list-style-type: none"> • to seek eligible medical treatment • to attend to an acute family crisis; or • for an humanitarian purpose 	Up to 13 weeks
Partner Allowance (no new grants)	All	Any temporary	Up to 13 weeks <i>Exception</i> May be paid for the duration of overseas study as long as the study can be credited towards their Australian course.
Carer Allowance	All	Any temporary	Up to 13 weeks
Mobility Allowance	All	Any temporary	Up to 13 weeks
Family Tax Benefit (Part A) base rate	All	Any temporary	Up to 3 years
Family Tax Benefit (Part A) above base rate	All	Any temporary	Up to 13 weeks
Family Tax Benefit (Part B)	All	Any temporary	Up to 13 weeks
Add-on payments			
Telephone Allowance	All	Any temporary	Up to 13 weeks
Rent Assistance	All	Any temporary	Same as substantive payment - end of allowable temporary overseas absence
Remote Area Allowance	All	Any temporary	8 weeks allowable absence from remote area
Pension Supplement	All	Any temporary	Up to 13 weeks
Pension Supplement basic amount	All	Any absence	Same as substantive payment
Incentive Allowance	All	Any temporary	Same as substantive payment - end of allowable temporary overseas absence
Pharmaceutical Allowance	All	Any temporary	Same as substantive payment - end of allowable temporary overseas absence

Utilities Allowance	All	Any temporary	Up to 13 weeks
Seniors Supplement	CSHC holders	Any temporary	Up to 13 weeks

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Hansard Page: CA 32

The Chair asked: It would be useful to have that defined in terms of which covers what ((ie which agreements cover DSP and which do not). Can we get a list of those agreements?

Answer: (see table below)

Agreement countries

DSP	NO DSP
Austria	Czech Republic (signed and expected to commence July 2011)
Belgium	Finland
Canada	Former Yugoslav Republic Of Macedonia (signed and expected to commence April 2011)
Chile	Greece
Croatia	Japan
Cyprus	Korea
Denmark	Poland
Germany	Slovak Republic (signed and expected to commence January 2012)
Ireland	
Italy	
Malta	
Netherlands	
New Zealand	
Norway	
Portugal	
Slovenia	
Spain	
Switzerland	
USA	

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Question No:

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Hansard Page: CA 33/34

The Chair asked: Can we find out from Centrelink – if you could pass that on as they are your payment arm – whether there is consideration for those situations available in the current operations and the flexibility that is available, because each case will be different? (ie transition arrangements). (Senate CA 33)

Answer:

The proposed residency changes will affect approximately 1,000 DSP recipients who have been identified as having a high likelihood of residing overseas. The identification of this group is based on a “presence test”, which measures length of time spent overseas.

All DSP recipients identified in this process will be sent a letter by Centrelink informing them of the changes to the residency rules for DSP. The letter will invite the recipient to contact Centrelink if they want more information about the changes. Centrelink also plans to contact all customers identified in this process by telephone. Centrelink has a range of publications and communication products which will be used to inform DSP recipients about the changes to the legislation.

Any recipient who is formally reviewed will be invited to discuss their personal situation and reasons for their long overseas absences with a specialist Centrelink review officer prior to any review outcomes being implemented. A customer who is overseas when Centrelink contacts them will be given time to discuss their personal situation directly with Centrelink in Australia at the end of their 13 week portability period.

DSP recipients found to be not residing in Australia and who have their payment cancelled by Centrelink will be entitled to the normal customer appeal mechanisms, including having the decision reviewed by a Centrelink Authorised Review Officer (ARO) in the first instance and then by the Social Security Appeals Tribunal (SSAT) and Administrative Appeals Tribunal (AAT).

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Question: Please provide a definition of portability.

Answer: Portability refers to the continuation of payment of Australian income support entitlements during a recipient's overseas absence. The length of time and under what conditions payments are portable overseas is defined in Chapter 4 of the *Social Security Act, 1991*.

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The Chair asked: With respect to the list of countries with which Australia has agreements, please explain how these agreements work? Including:

- **how these agreements affect the payments received by people who travel to or reside in these countries?**

Answer:

Under reciprocal Agreements recipients of Australian Disability Support Pension (DSP), who are assessed as severely disabled, are able to continue to receive their DSP indefinitely while they are in the Agreement country.

Under Agreements that cover DSP the rate of payment of DSP to people who reside in an Agreement country is proportionalised according to the recipient's period of Australian working life residence (AWLR). AWLR is defined in the social security law as the period the person has been an Australian resident between the ages of 16 and age pension age. Generally a person who has 25 years or more AWLR is paid the full basic rate of pension. A person who has less than 25 years AWLR is paid a pro-rata rate. For example, a person with 10 years AWLR would receive 10/25 of the basic rate of pension.

In most cases the rate of DSP is proportionalised after the person's portability period has expired.

The same proportional approach is also applied to payment of Age Pension outside Australia.

- **how these agreements will affect the payments of people who travel to or reside in these countries if Schedule 2 of the *Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Budget and Other Measures) Bill 2010* is passed?**

Answer:

The amendments proposed in this Bill will not affect the payment of DSP under Agreements.

