

Submission to the Senate Community
Affairs References Committee on the
inquiry into **Centrelink's compliance
program**

The Accountable Income Management
Network, September 2019

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About the Accountable Income Management Network

The Accountable Income Management Network (AIMN) is a nation-wide group of community members; representatives of national, state and local non-government organisations and community bodies; academics; social researchers and public policy experts. Our members have a strong commitment to social justice and human rights and are concerned about the provision of equitable and appropriate social security support to economically marginalised Australians. The AIMN is particularly concerned with issues raised by compulsory income management through such programs and trials as the BasicsCard and the Cashless Debit Card.

Introduction

The AIMN welcomes the opportunity to respond to the Senate Community Affairs References Committee's inquiry into Centrelink's compliance program.

Our submission addresses the Committee's terms of reference through our focus on the following key categories: an overview of Centrelink's compliance program, the impact of automated debt collection on income support recipients, and the capacity and adequacy of Centrelink and the Department of Human Services (DHS) to deliver the program.

We provide a list of recommendations in order to guide the Committee's decisions on the future of Centrelink's compliance mechanisms in a way that centres the dignity, wellbeing and digital rights of income support recipients in Australia.

The AIMN notes that this is the Committee's second inquiry into Centrelink's compliance program, and that issues raised in the first inquiry have not been fully addressed. These included Recommendations from the Committee that the Online Compliance Intervention (OCI) program should be put on hold until serious issues with procedural fairness are addressed¹.

Overview of Centrelink's Compliance Program

Centrelink's automated compliance program originated in the Department of Human Services' Digital Transformation Agency (DTA), which aims to automate user-facing services for government. The Digital Transformation Roadmap has explicit success measures related to increasing the proportion of services delivered digitally by the government.²

Centrelink's compliance program, otherwise known as the Online Compliance Intervention (OCI) or Robodebt, was introduced in July 2016. Key characteristics of the program include the automation and algorithmic processing of the debt identification and recovery process.

¹

https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/SocialWelfareSystem/Report/c06

² <https://www.dta.gov.au/about-us/reporting-and-plans/corporate-plans/corporate-plan-2017-21>

As part of this process, Centrelink recipients' income details are automatically reviewed, and inconsistencies in income reporting to the Australian Taxation Office trigger an automatic feature that- in the case of non-response and alleged overpayment- lead to the issuing of a debt notice.

As noted by Uniting Communities in their submission to the Committee:

'If a Centrelink recipient fails to respond to DHS in person or online, or if they do not provide sufficient supporting documentation or information, the system automatically substitutes these information gaps with a fortnightly income figure derived from income data held by the Australian Taxation Office (ATO) for the relevant employment period. This is referred to as 'income averaging'.³

While prior to the OCI, the government would generally investigate around 20,000 overpayments a year, under the OCI, debt collection resulted in the generation of 20,000 overpayments each week.⁴ This has resulted in the sanctioning of income support recipients on the basis of often inaccurate extrapolations of existing data to cover gaps in reporting due to their inability to respond to the notification in a timely manner.

The OCI has led to a high error rate, where around 20% of alleged debts that have been raised thus far have been either reduced or waived due to inaccuracies in the OCI's automated debt-recognition process.⁵ The automated process also does not take into account reasons for non-response, which may include an inability to respond due to technological barriers, homelessness, illness and so on.

Former member of the Administrative Appeals Tribunal, Terry Carney, has highlighted key issues with the income-averaging technique, noting that:

'...by utilising the 'income averaging' technique, Centrelink, has failed to adhere to ethical administration and the rulings of the AAT. He says that the continued use of this system breaches 'principles of ethical administration regarding avoidance of oppression of vulnerable and uninformed citizens'.^{6,7}

The OCI is further characterised by its inaccessible nature, where debt letters provided to income support recipients are neither user-friendly nor in plain language. Additionally, they do not include details on how recipients can take further action (including to contest the

³ <https://www.unitingcommunities.org/wp-content/uploads/2019/09/Uniting-Communities-Submission-Centrelink-Compliance-Program-20Sept2019.pdf> p. 4

⁴ Amie Meers, Suseela Durvasula, Thomas Newton, Louise Macleod (2017) 'Lessons learnt about digital transformation and public administration: Centrelink's online compliance intervention' Commonwealth Ombudsman, p.1

⁵ Senate community Affairs Legislation Committee (2019) 'Budget Estimates 2019-20 – 5 April 2019: Answer to question on notice' Department of Human Services, Question reference number HS 7 (SQ19-000113).

⁶ <https://www.theguardian.com/australia-news/2018/dec/18/expert-attacks-centrelink-robo-debt-and-moral-bankruptcy-thatallows-it>

⁷ <https://www.unitingcommunities.org/wp-content/uploads/2019/09/Uniting-Communities-Submission-Centrelink-Compliance-Program-20Sept2019.pdf> p. 4

debt), omitting information such as the dedicated OCI phone line, or how to access disability assistance or a language interpreter.

Impact of automated debt collection on income support recipients

The automated debt recovery system has resulted in significant detrimental impacts to income support recipients. These include, but are not limited to:

- Distress (emotional and financial) due to the burden of proof being placed on the alleged debtor. This has been severe enough to lead to significant mental health crises for some income support recipients who have found the pressure to repay unbearable.⁸
- Practical challenges in navigating the online system and in engaging with Centrelink, compounded by the depersonalisation of the automated process and a lack of human interaction or assistance.
- A significant number of debt notifications issued in error, which have caused further arbitrary distress to income support recipients. A further problem is Centrelink attempting to collect debts that are over seven years old, despite the Department of Human Services specifying that this would not occur.⁹
- Technological obstacles, including some income support recipients' lack of access to the internet (e.g. due to homelessness or financial barriers), or struggle to navigate the system because of levels of digital literacy.
- Other access issues, including Centrelink's failure to communicate with income support recipients in a way that is accessible to them, such as by accounting for English language proficiency and providing interpreters for persons from Indigenous or culturally and linguistically diverse backgrounds.
- The fact that some income support recipients have reported OCI-generated debts being automatically deducted from their tax returns.¹⁰ Government should only take action against a person if it has been confirmed that the alleged debt is accurate.
- Concerning intersections between the OCI and compulsory income management programs such as the Cashless Debit Card and Income Management, where income support recipients are already subject to punitive welfare quarantining. For further information on this, please see the AIMN's submissions to various Parliamentary inquiries on the harms associated with compulsory income management in Australia.¹¹

The AIMN is concerned that the OCI system operates on a fundamental mistrust of social security recipients and a lack of respect for their wellbeing and dignity. We further note that when the system has been legislatively challenged, rather than engaging with the systemic concerns raised above, the government has elected to waive the debts of individual

⁸ <https://www.9news.com.au/national/a-current-affair-centrelink-robo-debt-anthony-albanese-demands-end/3e678048-94e5-49e8-be4f-ed175138b701>

⁹ <https://www.9news.com.au/national/centrelinks-sevenyear-robodebt-promise-deceptive-top-qc-says-national-news/bbcea34f-b544-4b64-9d0e-9910894ff00e>

¹⁰ <https://www.abc.net.au/news/2019-08-27/centrelink-seizes-tax-return-of-robodebt-recipient/11450196>

¹¹ <https://accountableincomemanagementnetwork.wordpress.com/resources/>

plaintiffs. This is a band-aid solution which treats the symptoms rather than the cause of the issue- the OCI's clear lack of procedural fairness, transparency and effectiveness.

Capacity and adequacy of Centrelink and DHS to deliver the program

We note several key concerns with the capacity and adequacy of Centrelink and the DHS to deliver the OCI program:

- The privatisation of DHS call-centre jobs and shedding of staff has led to a fundamental incapacity to deal with the volume of calls coming in from Centrelink customers¹². This includes the Department's choice to cap staff at 2007 levels.
- According to ex-employees, a toxic workplace culture has developed within Centrelink, with staff being performance-managed on the basis of debt collection (including the setting of debt targets for staff).¹³
- Much of Centrelink's compliance program delivery has been outsourced. Staff tasked with debt collection work for Centrelink, but are employed by external recruitment companies, e.g. Chandler MacLeod and Adecco.¹⁴

The AIMN endorses the Australian Council of Social Services' (ACOSS) condemnation of the outsourcing of Centrelink to private contractors¹⁵ and the marketisation of human services.

Recommendations

The AIMN endorses recommendations put forward by the ACOSS and Uniting Communities in their submissions to the Committee on Centrelink's compliance program.

The AIMN recommends that:

- The Online Compliance Intervention system is abolished.
- The Department of Human Services puts appropriate safeguards in place to protect income support recipients.
- There is a comprehensive restructure of the current system of debt calculation and recovery and compliance protocols for income support recipients.
- The onus of proof for alleged non-compliance with income reporting mechanisms is removed from income support recipients.
- Government invests in increased staffing and requisite resourcing and training for Centrelink staff.
- Government invests in increased levels of support for income support recipients, including assistance with digital literacy and access to language interpreters.

¹² <https://www.cpsu.org.au/news/joint-statement-crisis-centrelink-and-medicare>

¹³ <https://www.9news.com.au/national/centrelink-robodebt-staff-performance-managed-on-debt-targets-documents-show/3aad4ac3-6eb2-4fb8-916b-bafb8d1ee418>

¹⁴ <https://www.9news.com.au/national/centrelink-robodebt-staff-performance-managed-on-debt-targets-documents-show/3aad4ac3-6eb2-4fb8-916b-bafb8d1ee418>

¹⁵

https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Centrelinkcompliance/Submissions