

CPSU (PSU Group)

**Design, scope, cost-benefit analysis,
contracts awarded and implementation
associated with the Better Management of
the Social Welfare System initiative**

March 2017

Executive Summary

Over many generations, Australia has built a society founded on caring for those who need support at different stages of their lives. We have come together to build public institutions such as Medicare and the Social Security system that are universal, accessible and guaranteed by governments. Crises such as the so called 'robodebt debacle' not only undermine the public's faith in these institutions – they also are a reflection of an underlying neglect of these institutions that form the foundations of our community. The CPSU is pleased to have the opportunity to contribute to this inquiry through this submission, which has been prepared based on input and evidence from our members on the front line in the Department of Human Services.

DHS CPSU members support the recovery of overpayments where such recovery is a result of an evidence based decision that a debt exists and the cost of recovery is viable in relation to the debt amount.

DHS CPSU members believe the Online Compliance Initiative (OCI), commonly referred to as robodebt, failed to meet these two basic tests and as a result has put vulnerable clients at risk, caused anxiety for both customers and staff of Centrelink, and has severely tarnished the reputation of the organisation. The age of the debts only added to customers' confusion and anxiety. Staff do not believe that the Department was prepared for the impact on vulnerable Australians, and staff remained concerned that they were given no discretion to tailor an approach for these vulnerable Australians.

There are three fundamental failures built in to the OCI. Firstly, the human oversight involved in assessing discrepancies and raising debts has been limited. A second and related flaw is that the administrative cost of managing overpayments has been transferred from the Department to ordinary Australians, with the Department no longer taking responsibility for contacting employers to investigate discrepancies before debts are raised. The business process has been designed to minimise cost to the government by reducing the usual manual oversight requirements and removing employer verification of PAYG anomalies prior to customer contact commencing. The business process design has all but ensured high rates of error in the calculation of debt. Staff have been directed not to fix errors they could clearly identify. Instead they have been instructed to refer customers to online self-service portals in an attempt to transfer the administrative burden of debt recovery onto the customer.

Thirdly, the onus of proof has in effect been reversed, with customers now obliged to investigate alleged discrepancies and provide evidence that an overpayment doesn't exist – rather than the burden being on government to show that it does.

Customers have not been provided with adequate information about the complaint and review process, which are critical to the application of natural justice when debts are disputed. Staff have not been adequately trained how to direct customers to the review process and have been directed not to do so, despite widespread acknowledgement by staff of a high error rate.

Despite claims to the contrary, OCI represented significant changes to the compliance process. The business processes of OCI have resulted in significant double-handling, longer phone and face-to-face queues for customers who find themselves caught up in this flawed approach to debt management. Many CPSU members fear it will only get worse.

The management of the OCI by the Department has been a problem since the inception of the program. The Department was warned by staff that automated data matching would lead to incorrect debts. Experienced debt management staff were redeployed to other areas of the business and replaced with new permanent and casual staff who could be trained in the new process unburdened with the knowledge of the previous checks and balances that had been removed.

Staff were not given any opportunity for genuine consultation about the roll out of OCI as required under the Department of Human Service Enterprise Agreement 2011. The entire process has been shambolic and massively increased workloads across the Department. Staff are being constantly moved around to address the gaps that have become a regular feature of the operation of DHS. Public confidence in the Department has been undermined with customers as well as staff now questioning all decisions.

Significant operational changes are implemented without adequate training or consideration of the impact on the safety of customers and staff. The exacerbation of wait times has increased the risk of increased customer aggression and stress that have affected the health and safety of DHS employees.

The impact of budget and staffing cuts have been compounded by the robodebt debacle. The department has reduced levels of permanent employment. In the previous financial year only 30 per cent of all new staff hired to work in DHS were permanent. Staff are doing their best but the Department urgently needs more permanent staff.

ICT is another resourcing challenge for DHS that has worsened the OCI crisis. The DHS ICT system is already overstretched and is struggling even more in the wake of the OCI rollout. The online assessment portal exacerbated problems with the calculation of debt and automated decision making. Poor design made it difficult to navigate and unclear to customers what was wanted. The portal had problems and went down, leaving many in the lurch.

Staff are doing the best they can in trying circumstances but there is only so much they can do without the funding and staffing needed.

Recommendations

- The Turnbull Government must immediately suspend the Online Compliance Initiative and re-design the process so it no longer adversely affects thousands of Australians.
- Any new approach should ensure properly resourced human oversight to a compliance program so the agency can be confident that the overpayments it identifies and debts it raises are legitimate and accurate.
- In any redesigned OCI, human oversight should be restored and the burden of demonstrating that a debt exists should be restored to the Department.
- There needs to be immediate action to reverse the damage done by cutting 5,000 permanent jobs from DHS to restore the capacity of the Department of Human Services to provide the services needed by the Australian community
- DHS should immediately facilitate a merit selection process of all current casual workers to compete for permanent roles so they can be properly trained and are able to provide a full range of services and support to customers.

Introduction

Our community legitimately expects that the Commonwealth Government provides a properly resourced, transparent and accessible social security system which supports people in our community as needed through key times of their lives. The delivery of these services is the role of the Department of Human Services. The Community and Public Sector Union (CPSU) represents the people doing that work and our submission is based on a survey of, and many discussions with, members working in the Department of Human Services including those formally involved with the OCI. It is work our members value and believe in: supporting families, pensioners, low-income earners, students and people, as they face life's challenges from the birth of a child through to accessing the aged pension.

However, years of funding cuts have severely reduced the Department of Human Services' capacity to be this cornerstone. The CPSU has warned the Commonwealth Government on multiple occasions that the Australian Public Service (APS) was at a tipping point and that agencies needed increased funding and staffing to rebuild capacity. Yet the Government elected to introduce more budget cuts for public sector agencies.

The Department of Human Services is an agency in crisis. The Government's ongoing cuts to jobs and budgets and their failure to invest in public services have taken their toll not just on the public service, but also on the communities which rely on those services. The problems with OCI, more commonly known as the robodebt debacle, are the latest illustration of this.

CPSU members support the recovery of overpayments where such a recovery is a result of evidence that a debt exists and the cost of recovery is economical in relation to the debt amount. This has not been the case with the Online Compliance Intervention.

Thousands of Australians have incorrectly received debt notices from Centrelink's automated debt recovery system. Jobs cuts mean calls to the Department of Human Services (DHS) about debts are going unanswered. More than 36 million calls went unanswered in 2015-2016. DHS staff have been told not fix errors they identify and people are forced onto debt repayment schemes.

A survey of CPSU members working in Centrelink has confirmed our views that funding and staffing pressures have driven the rollout of the OCI. The CPSU surveyed members specifically about the rollout of the OCI, including those formally involved with the OCI. A majority of members believed DHS chose the OCI program as the way to address compliance because the Department wanted to improve their debt collection rates (61.4 per cent). 55.5 per cent of those surveyed said there was not enough staff to do the job, the same percentage who felt the strategy was rolled out due to government pressure even when concerns with the process were being expressed.

Many of these problems arose from significant changes to the debt recovery process, namely the removal of human oversight and shifting the onus of proof from the Department to customers. Staff previously investigated each individual case and where necessary contacted previous employers before debts were raised. These changes meant that the Department could reduce the number of staff needed and therefore costs but it has been at the expense of the accuracy of assessments.

The recent problems with the Centrelink debt recovery system have highlighted the underlying and ongoing issues with this system. They demonstrate:

- the risks associated with automated decision making, particularly when there is a reliance on incomplete data without oversight by staff;¹
- the degree to which DHS is struggling to provide adequate services to the community with its current staffing levels; and
- ongoing problems arising from an underinvestment in IT.

The impact of Government automated debt collection processes upon the aged, families with young children, students, people with disability and jobseekers and any others affected by the process

The CPSU surveyed DHS members about the OCI program. The results from the survey reveal the full extent of dysfunction in the OCI program and policy, and more broadly in the Department of Human Services – not to mention the negative impacts on staff and customers.

Over four in five (85.5 per cent) DHS members who responded to the survey believed the purpose of OCI was not clearly and effectively communicated to clients. A similar number (85.7 per cent) did not believe the Department was prepared for the impact of the rollout on vulnerable clients. The lack of consideration about the possible impact on clients is deeply concerning.

Members report that the push to get customers to self-manage via the online system was problematic from the start and ignored the circumstances of many clients. Not all customers are able to use the DHS online systems. CPSU members commented that even those with English skills assessed as adequate struggled with the system. One member pointed out that many CALD customers who need interpreters could not use the OCI website due to lack of access to interpreters. They did not understand the letters and many of them ignored it. The failure to provide multiple channels by which customers could contact DHS to discuss debt letters disproportionately affected those who were vulnerable.

Many Australians rely on the support that the Department of Human Services provides. A significant number of them are considered to be “vulnerable or at risk”. A person may be considered vulnerable

¹ Tony Yoo (2017, 6 January) Turnbull's former digital tsar says 'blind faith' in data led to the Centrelink debt debacle. *Business Insider Australia*. Retrieved from <http://www.businessinsider.com.au/turnbulls-former-digital-tsar-says-blind-faith-in-data-led-to-the-centrelink-debt-debacle-2017-1>

or at risk if they are in financial hardship, experiencing financial exploitation, not undertaking reasonable self-care, or homeless or at risk of homelessness.² It is extremely concerning that only one in five (19.6 per cent) of those involved in work associated with the OCI program said it placed flags on vulnerable or at risk clients. A number of members reported that DHS staff who were responding to queries and complaints about the OCI were not even able to access customer records and unable to identify whether clients were vulnerable.

“When Compliance Officers were assisting customers on the phone with the OCI process they were not allowed to access customer records. This meant we were unable to identify if a customer was vulnerable, at risk, homeless unless customer told us.”

Members were asked about their experience of the impact of the OCI program on vulnerable clients. Three quarters (76.1 per cent) said it has put them at risk with seven in ten (70.5 per cent) citing depression and over two in five (46.8 per cent) identifying self-harm. One DHS social worker stated that “never before this year, have I seen as many distressed clients concerned about these potential debts.” The fact that many of the debts were from years ago added to confusion and anxiety amongst vulnerable Centrelink clients:

“As the compliance action was in regards to income relating from a number of years back, it made it difficult for customers to understand why this had taken so long.”

Seven in ten (70.8 per cent) believe the response of the Department, once problems with the OCI program and its impact on customers became known, was inadequate. Two in five (43.3 per cent) believe it was negligent and a third dishonest (36.3 per cent).

“Restricting the ability of staff to assist (often vulnerable) customers in the complex process is a dangerous and upsetting move. Staff want to get the right outcome for customers, but when their hands are unfairly tied by a faulty process they are rightly concerned.”

The previous process which was not automated allowed far more discretion by DHS staff to deal with an individual's circumstances. One member explained that in the past, options were tailored to a client's circumstances:

“Debts were only referred to debt collection agencies after staff had made genuine attempts to find customer's current address. Mostly, staff negotiated repayment arrangements & they were expected to ensure repayments were affordable depending on each customer's expenses and circumstances. Each customer was dealt with on a case by case basis, staff could exercise discretion, and all debt recovery was put on hold if a request for review was underway.”

Staff also could conduct ODM reviews (review by Original Decision Maker) as part of the initial phone conversation which saved time.

The automation and outsourcing of debt collection has removed the ability to tailor an approach to a vulnerable person's situation, impacting significantly on vulnerable Australians.

Recommendation: The Turnbull Government must immediately suspend the Online Compliance Initiative and re-design the process so it no longer adversely affects thousands of Australians.

The administration and management of customers' records by Centrelink, including provision of information by Centrelink to customers receiving multiple payments

The ability of staff to administer and manage customer records has been extremely curtailed as a result of the OCI program. Self-management by customers has been prioritised even when it is faster for staff to fix problems with records. Frontline service officers have reported that when they are

² Department of Social Services (2016, 13 April). Vulnerable Measure of Income Management. Retrieved from <https://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/income-management/income-management-fact-sheets/vulnerable-welfare-payment-recipient-measure>

working face-to-face with people and get customer details on the screen, they would often find errors that they would be able to correct very quickly. They were, however, told not to correct errors for customers and to refer people to online self-service portals to correct their own details. DHS staff also reported that people in the debt management teams were instructed only to deal with a very small portion of the debt management process despite knowing that there were errors in other parts of the record. This has only meant more work for DHS staff later in the process.

“Compliance has in the past been about record correctness and accuracy. The instructions with OCI have been about not correcting errors, duplications, incorrect debts, double assessments or getting the record correct.”

“With the old compliance system, we could see what discrepancies had been identified in each week of the relevant period. The compliance team recorded extremely thorough notes on the customer's record, so that we could easily explain the discrepancies to the customers. Now, all we see is the debt, with no information about what information we have received, and a total debt figure with no weekly break down.”

Even where staff could clearly see that the customers' claims about an incorrect debt were supported by evidence, they were not able to solve their problem by making the necessary changes.

“Even though we could see the debts were not debts, we were told we could not change anything and they had to ring the phone number- which they could not get through. The customers bought in their pay slips to show the correct earnings in the correct periods, and we just had to scan them on the record. We were told not to put in a review.”

Prior to the automation, the Department of Human Services staff would manually check customer records and then contact recipients if there were problems.³ A former Department of Human Services worker with decades of experience has been on the record to explain the process, stating that they would examine records to see if dates line up and ask for further information if they did not.⁴ Debt notices were not issued unless there was evidence that the customer had not declared their income correctly and that a debt existed.⁵ Clients were also contacted directly by staff after an adverse decision was made and staff could use discretion to avoid client hardship.

The change in the administration and management of customer records, driven by the obsession to automate and get customers to “self-manage” has only exacerbated problems with the OCI, increasing double-handling and generated increased workloads for DHS staff.

The capacity of the Department of Human Services and Centrelink services, including online, IT, telephone services and service centres to cope with levels of demand related to the implementation of the program

The Department of Human Services has struggled to cope with the level of demand generated as a result of the robodebt debacle. Rather than reduce pressures on service centres, telephone services and online services, the OCI has only added to workload pressures on an agency that is already struggling. As one member explained:

“Centrelink is so short staffed that the Department is not concerned with accuracy, only statistics. The OCI is probably the worst example of this, but it is happening across the board, with new claims, debts and even staff not having time to scan paperwork or document records. The errors on customer records are horrendous, all due to staff not having the time or training to do their job properly. Management have a culture of dishonesty and denial. Bullying is rife.”

³ Luke Henriques Gomes. (2016, 28 December). New Centrelink system under fire amid Christmas welfare crackdown. *The New Daily*. Retrieved from <http://thenewdaily.com.au/news/national/2016/12/28/centrelink-under-pressure-crackdown/>

⁴ Peter Martin (2017, 7 January). How Centrelink unleashed a weapon of math destruction. *Sydney Morning Herald*. Retrieved from <http://www.smh.com.au/comment/how-centrelink-unleashed-a-weapon-of-math-destruction-20170105-gtmsnz.html>

⁵ Peter Martin (2017, 7 January). How Centrelink unleashed a weapon of math destruction. *Sydney Morning Herald*. Retrieved from <http://www.smh.com.au/comment/how-centrelink-unleashed-a-weapon-of-math-destruction-20170105-gtmsnz.html>

The implementation of OCI has resulted in significant levels of double handling as customers have been pushed to self-manage via an online portal. The onus has been placed on recipients of debt notices to track down payslips and employment history from up to six years ago to prove they did not wrongly claim benefits.⁶ Staff have been expressly told not to fix mistakes in debt notices generated by the automated system even when they could prove the debts were wrong.⁷ The result has been huge queues at Department of Human Services' offices, staff being directed to tell people to go back online and customers spending hours of waiting on the telephone.⁸ Some customers have reported calling multiple times and spending hours on the phone to speak to Centrelink staff.⁹ There is one example of a person attempting to call 86 times over three days and still not getting through.¹⁰ One debt recipient said they tried to deal with the debt at a Centrelink office and over the phone, but was told all compliance issues had to be dealt with online.¹¹ Those who have disputed the debt have still been required to go on a payment plan even before reviews have occurred.¹²

If it continues in its current form, the OCI program will continue to put pressure on workloads for an already stretched DHS workforce. The automated system has sent out more than 170,000 letters to Centrelink clients, in many cases either falsely claiming they owe money or hugely exaggerating the amount. The system is likely to generate even more debt notices in 2017. The CPSU notes that the Government's election commitment, which the extension of the income data-matched measure from 2016-17 MYEFO is based on, indicates that there were 125,000 non-employment income discrepancies from the 2013-14 financial year remaining. It would also seek to generate an additional 750,000 compliance interventions by extending the non-employment income date matching to the 2014-15 to 2017-18 financial years.

DHS, already struggling with the workload generated by OCI, will face even greater workloads due to student benefit applications and changes to the pension. The CPSU has concerns that there will be a repeat of the massive delays to student payments in early 2016 that resulted in many students having to defer or drop out of study.¹³

Recommendation: The Turnbull Government must immediately suspend the Online Compliance Initiative and re-design the process so it no longer adversely affects thousands of Australians.

The adequacy of Centrelink complaint and review processes, including advice or direction given to Centrelink staff regarding the management of customer queries or complaints

Significant concerns have been raised by staff about the Department's OCI complaint and review processes. The inadequate communication about changes to the debt recovery process has meant that staff have been forced to scramble to try to respond. Staff have reported inconsistent and inadequate advice and direction given regarding responding to queries and complaints by customers.

⁶ Christopher Knaus (2016, 19 December). Fears Centrelink online glitch may send welfare recipients to debt collectors. *Guardian Australia*. Retrieved from <https://www.theguardian.com/australia-news/2016/dec/19/fears-centrelink-online-glitch-may-send-welfare-recipients-to-debt-collectors>

⁷ Christopher Knaus (2017, 19 January). Centrelink staff told not to fix mistakes in debt notices – whistleblower. *Guardian Australia*. Retrieved from <https://www.theguardian.com/australia-news/2017/jan/19/centrelink-staff-told-not-to-fix-mistakes-in-debt-notices-whistleblower>

⁸ Emma Reynolds (2017, 10 January). Aussies panicking over Centrelink demands to pay up to avoid debt collector. *News.com.au*. Retrieved from <http://www.news.com.au/finance/money/costs/aussies-panicking-over-centrelink-demands-to-pay-up-to-avoid-debt-collector/news-story/a13ba2f6090a0e7152b5ceb65166315>

⁹ Matthew Knott (2017, 9 January). Centrelink debt recovery drive has caused summer from hell, Bill Shorten says. *Sydney Morning Herald*. Retrieved from <http://www.smh.com.au/federal-politics/political-news/centrelink-debt-recovery-drive-has-caused-summer-from-hell-bill-shorten-says-20170108-gtns33.html>

¹⁰ Emma Reynolds (2017, 12 January). The screenshots that show why Centrelink is broken. *News.com.au*. Retrieved from <http://www.couriermail.com.au/business/the-screenshots-that-show-why-centrelink-is-broken/news-story/e6eca0276943123e7cad798a0f29f035>

¹¹ Christopher Knaus (2016, 19 December). Fears Centrelink online glitch may send welfare recipients to debt collectors. *Guardian Australia*. Retrieved from <https://www.theguardian.com/australia-news/2016/dec/19/fears-centrelink-online-glitch-may-send-welfare-recipients-to-debt-collectors>

¹² Nina Stevens (2017, 6 January). Albanese takes aim over Centrelink debt notice to cancer survivor. *SBS News*. Retrieved from <http://www.sbs.com.au/news/article/2017/01/06/albanese-takes-aim-over-centrelink-debt-notice-cancer-survivor>

¹³ Noel Towell (2017, 10 January). Centrelink's debt debacle: It's going to get worse, says union. *Canberra Times*. Retrieved from <http://www.canberratimes.com.au/national/public-service/centrelinks-debt-debacle-its-going-to-get-worse-says-union-20170109-gto51j.html>

Despite claims by Minister Tudge that “Centrelink is simply doing what has been done for years”¹⁴, over three quarters (76.3 per cent) of DHS staff surveyed disagree or strongly disagree with the claim that the OCI is not a major change to compliance activities and debt recovery processes used in the past. The Minister’s claim that the only major change is more automation¹⁵ is wrong. The process of calculating the debt by apportioning annual income details on a fortnightly basis was a significant change. The reliance on ATO data if details were incomplete, often from a group certificate, did not capture when a person worked and what they actually earned every fortnight. There was no consideration as to the length of time a customer was on payment for in any given year. Different payments made to customers also have different reporting ‘rules’ which is difficult to capture with an automated system.

Other changes from the previous process include the inclusion of a “recovery fee” without customer contact and the removal of the limiting dates that a customer could be assessed back to which has meant debts going back years. These changes and the introduction of automation to the decision-making process creating a flow-on effect. As one member explained:

“The change is significant because rather than focusing on procedural automation changes such as removing the need for staff to manually take non-decision actions such as issuing a reminder letter, the change was decision-automation based, which removed the opportunity for experienced staff to act as filters to remove errors and inconsistencies and relied on inflexible rules implemented by machine to make decisions.”

The Department of Human Services has used data-matching and undertaken debt recovery in the past. It is the use of data matching to “correct” records during the review process and calculation of debts that is new. Although the data matching might appear to be similar to what was done previously, the vastly increased scale of OCI and reduction in individual human assessment means that small errors or omissions have a much more significant effect.

Prior to these changes, DHS staff undertook an investigation and looked at each case. Staff identified the actual dates of when customer received income support and the income declared in that time to ensure income was not counted twice and work out if the declared income was reasonably consistent with ATO information. Staff checked earnings by contacting the employer, who has a legal requirement to keep detailed earning data for workers. Prior to the change, where an anomaly or query had been identified, the Department would contact the employer by mail to get a detailed breakdown of earnings. This would often provide a far more complete picture of periods of non-earning, sickness, workers compensation that would resolve the query and no further action would be taken. Debts were not raised simply because the customer failed to respond to a letter, with no more evidence for an overpayment than a discrepancy between DHS and ATO data. By removing this step of contacting employers to check earnings, the Department has created a huge and unnecessary administrative burden for DHS customers to avoid an outcry from the business community and also allowed it to reduce the number of staff needed to apply the system. The simple fact is that if the Department sought PAYG data from employers they would not need to proceed to customer contact in the numbers the current system has been generating.

Many members commented on the impact of moving away from this process:

“There is no checking process to confirm that the debt is correct. Customers are not always at fault, there may be system issue, staff errors with coding and of course the fact that income support payments are complex and different rules apply. In most cases for income support payments data matching from ATO does not take into account when the income was earned and how the income test is to be applied.”

“It has gone from a thoroughly investigated and verified approach (Data Matching Program - where we would write to employers to obtain dates worked and gross earnings from payroll

¹⁴ Jackson Stiles, James Ried and Neil Frankland (2017, 12 January). Centrelink debt system a ‘success’: Minister Alan Tudge. The New Daily. Retrieved from <http://thenewdaily.com.au/money/finance-news/2017/01/12/centrelink-debt-system-success/>

¹⁵ Jackson Stiles, James Ried and Neil Frankland (2017, 12 January). Centrelink debt system a ‘success’: Minister Alan Tudge. The New Daily. Retrieved from <http://thenewdaily.com.au/money/finance-news/2017/01/12/centrelink-debt-system-success/>

summaries or payslips and then determine if some amounts could be exempted) to an automated approach with no human oversight. It is appalling."

"What we used to do is undertake an investigation before raising any debt. We used to check if there was an indication there might be a discrepancy, then write to the customer to see if the customer could provide information or evidence to resolve the matter, and if not, we would then write directly to the employer to get details of the amount and period earnings covered so that an accurate assessment of any overpayment could be calculated. None of this happens now. What the government has claimed about there being no change in process is a blatant lie."

In spite of these significant changes, many staff commented that the appeal process was not made clear and customers were not provided with adequate information that would allow them to speak to DHS staff to seek a review. Whereas previously letters provided a contact number for customers to contact to discuss their matter, the first initial letters did not. In the first phase of the OCI program the only option offered was for the customer to go online.

"Customers unable to contact us about the review as there was deliberately no phone number on the letters. Additionally that we were actively discouraged from helping the customers who did get through to us. We were told to always refer them back to the automated system and only help them as a last resort. Directions have since changed to a slightly softer approach since the media attention."

"There was no phone number on initial letters sent to customers for them to ring to query or seek assistance. If they called to a Service Centre they were referred online which for the aged or those who are computer illiterate would make it very difficult to be able to provide correct information."

"Customers were not being given the Compliance Team's contact number, and would therefore spend hours waiting to get through to the payment line or at an office before being advised to go online or call my team."

Many staff cited the discouragement of providing assistance and the push to get customers to self-manage as an inadequate way to manage customer queries and complaints. One member stated that they were *"told Authorised Review Officers should not advocate for customers. It is up to the customer to prove no debt exists and until they do then debts to stand."* Another indicated that customers were told to contact the Customer Relations Unit (CRU) and given the impression it was an appeal when it was simply a re-assessment:

"Customers' appeal rights were taken away as we were instructed to get customers to lodge an appeal online through OCI, which wasn't an appeal at all, it was simply a review, but customers were told it was an appeal, this was misleading and deceptive. Told them the customers did not have access to their payslips for debts 7 years old and Tax department only require you to keep them for 5 years. It was unconscionable to require such information to be produced when it was clear it was not available. It was setting the customers up to fail. It was a reverse burden of proof which is unfair and unjust. No natural justice for the customers and left CRU in a pickle as we didn't have access to anything more than a note station "online compliance activity" and that's it. Unbelievable."

Rather than assisting customers, staff were told to direct customers to their self-managed account on MyGov to sort out their issues as much as possible. Members stated that this was problematic because MyGov and the OCI platform were not necessarily straight forward. For example, many customers had no idea that they had to update their earnings information details if they did not want OCI to calculate their debt over the wrong period or to stop OCI from dividing their earnings to come up with a standard fortnightly figure over the whole financial year, when in most cases their income varied from week to week or fortnight to fortnight, and when they were on Centrelink payments, they had no income from work at all.

Frustrations with review and complaints process have been compounded by errors with Centrelink's online customer portal, where individuals must go to lodge a dispute. Frontline staff have been

directed not to process disputes and instead refer them to the online customer portal.¹⁶ The Department said the errors with its online service had affected only a small number of people and had since been resolved. CPSU members contradict this, saying that there has been many problems with the online compliance system. At times customers had to be turned away as not even staff were able to access it.¹⁷ Many no-longer-current customers also could not access the compliance tool if their online account had been inactive for too long, which caused additional distress and frustration.

“By removing the human processing element - using our judgement and experience to analyse customer records, phone contact with the customer prior to calculating/raising debts - in the name of efficiency and 'reaching more customers' it has caused a large volume of incorrect debts, a huge amount of distress to customers, caused a lot of stress to the staff required to undertake this work.”

The push to automate all aspects of the review and complaint processes only created more confusion and undermined public trust in our social security system. The inability for customers to speak to DHS staff about their situation, a situation that was the result of significant changes to compliance activities and debt recovery processes, only made the situation worse. The restoration of human oversight to compliance and changing back the onus of proof is necessary to rebuild confidence in the social security system.

Recommendation: Any new approach should ensure properly resourced human oversight to a compliance program so the agency can be confident that the overpayments it identifies and debts it raises are legitimate and accurate.

Recommendation: In any redesigned Online Compliance Initiative, human oversight should be restored and the burden of demonstrating that a debt exists should be restored to the Department.

The error rates in issuing of debt notices, when these started being identified and steps taken to remedy errors;

Members have informed the CPSU that the overwhelming majority of debts that are the subject of a review are incorrect.¹⁸ One example provided by a member was a debt of \$9,000 that turned out to be \$90.¹⁹ Members have also informed the CPSU that the automated system was particularly harsh on those who received Centrelink's sickness allowance.²⁰ Despite the system being error-prone, there are reports that most people were paying debts without checking them first.

While big data can work with incomplete information, its use in automating fraud determinations without a role for trained staff in checking the debts has meant that inaccuracies can have significant and wide-reaching implications. An internal cost-benefit analysis of the effectiveness of the Department's data-matching process with the Australian Taxation Office found that 15 per cent of detected discrepancies were not actually debts owed by people.²¹ As pointed out by the

¹⁶ Pat McGrath (2017, 13 January). Leaked Centrelink memo shows staff told not to process debt disputes in person. *ABC 7:30*. Retrieved from <http://www.abc.net.au/news/2017-01-12/centrelink-memo-shows-staff-ordered-not-to-process-debt-disputes/8177652>

¹⁷ Christopher Knaus (2016, 22 December). Centrelink officer says only a fraction of debts in welfare crackdown are genuine. *Guardian Australia*. Retrieved from <https://www.theguardian.com/australia-news/2016/dec/23/centrelink-officer-says-only-a-fraction-of-debts-in-welfare-crackdown-are-genuine>

¹⁸ Noel Towell (2017, 10 January). Centrelink's debt debacle: It's going to get worse, says union. *Canberra Times*. Retrieved from <http://www.canberratimes.com.au/national/public-service/centrelinks-debt-debacle-its-going-to-get-worse-says-union-20170109-gto51j.html>

¹⁹ Noel Towell (2017, 10 January). Centrelink's debt debacle: It's going to get worse, says union. *Canberra Times*. Retrieved from <http://www.canberratimes.com.au/national/public-service/centrelinks-debt-debacle-its-going-to-get-worse-says-union-20170109-gto51j.html>

²⁰ Christopher Knaus (2016, 23 December). Centrelink officer says only a fraction of debts in welfare crackdown are genuine. *Guardian Australia*. Retrieved from <https://www.theguardian.com/australia-news/2016/dec/23/centrelink-officer-says-only-a-fraction-of-debts-in-welfare-crackdown-are-genuine>

²¹ Christopher Knaus (2017, 11 January). Government knew about discrepancies in data-matching system before reducing human oversight. *Guardian Australia*. Retrieved from <https://www.theguardian.com/australia-news/2017/jan/12/centrelink-human-oversight-slashed-after-cost-benefit-analysis>

Government's former chief digital adviser, the problems have affected people least capable of dealing with government mistakes.²²

Members have informed the CPSU that the errors and problems were becoming evident within DHS before Christmas last year, months before it was on the public radar. One member stated that:

"Our first queries started coming in to the office in September. I could clearly see that the customer's income had been counted twice so ran the appeal script. I received feedback for not following the correct process."

Even after widespread errors as a result of the OCI had been identified, remedying these errors has not been a smooth process, in large part because of the failure to communicate instructions clearly to staff. Less than one in ten (7.3 per cent) DHS staff surveyed by the CPSU felt the purpose of the OCI program was clearly and effectively communicated to staff and only one in five (19 per cent) were aware of staff being given instructions of what to do if they became aware of errors in letters or the data-matching program.

The failure to consistently provide training and communicate clear instructions to staff made it much harder for staff to remedy errors. While some staff received training about the OCI, many stated the training was inadequate and others reported that they were not provided with any training or with written processes when the OCI was rolled out and hence had no clear pathway to addressing any issues that arose. Many staff indicated they not properly informed about what customers would be presented with on the online platform and what the process would be after the online part was completed. There were no notes on the system so staff had to search the system to see why customer received debts. Many members expressed their frustration about this lack of clarity:

"We seriously have no idea what the process is meant to be anymore - are we allowed to raised appeals for these debts now as we were originally told no we couldn't? No one tells staff anything and we are the ones left to look like idiots."

"No clear directions, instructions or training on how to assist customers to use online services to respond to debts and no procedures in place for manual intervention when online services were down or encountering errors."

"The direct phone number was taken away and staff were not advised until afterwards. The process for the online updates were never communicated to staff."

"Staff weren't even given any information and no contact phone numbers for customers to call should they have query. Staff were given no instruction as to how the OCI was functioning."

Members outlined some of the instructions they were eventually given about what to do if they became aware of errors in the letters or in the data-match program itself. The range of different instructions highlighted the chaotic approach after problems had been realised.

Examples of instructions included both advising the customer to call the debt team as well as advising the customer to go online. Some staff were told to get the customer to provide payslip evidence that the debt was incorrect. While some members said they were told to help customers by correcting the errors and manually reassessing, others were told not to correct the errors as they could not fix any errors or to only answer basic queries and refer them on. Some reported being told to ignore the errors and not to mention anything to the customer.

"I have been told by Service Centre Service Officers that they tried to help customers to submit their response to the compliance letter online and were unable to do it and that the online instructions were inadequate."

"We were instructed not to enter into any discussion with clients about their situation even if we believed the outcome to be incorrect. We were to handoff to the debt team and it was up

²² Tony Yoo (2017, 6 January). Turnbull's former digital tsar says 'blind faith' in data led to the Centrelink debt debacle. *Business Insider Australia*. Retrieved from <http://www.businessinsider.com.au/turnbulls-former-digital-tsar-says-blind-faith-in-data-led-to-the-centrelink-debt-debacle-2017-1>

to each individual client to work it out for themselves. In some cases the compliance dated back several years, making it difficult for customers to access records that old.”

Many staff were unable to fix errors for customers because of the push to get customers to self-manage. One person who previously worked in Compliance stated:

“If it was obvious to an officer the customer had declared income for the employer but had either misspelled the name or had declared different dates to the PAYG summary but was very close to the PAYG summary total, it was still up to the customer to contact to rectify the error within the allotted contact time, the Officer was not allowed to finalise the compliance review.”

Often the only workable response to errors was to do manual interventions. A manual intervention was triggered when the online assessment tool could not complete the self-managed reassessment. It is usually when the customer disagrees with the outcome and provides further information that contradicts the data match. This is sometimes accepted by the system but if not, it is referred to manual intervention. Other triggers were system limitations, incorrect coding and timeliness of coding customer details. Limiting dates are added to customers’ records for particular reasons: often due to a change of circumstances. It then means that a debt must be manually calculated prior to this date. This is because an automated system can not cope with a change in circumstance easily, for example, going from partnered to widowed. The manual interventions have been labour intensive and while ostensibly a last resort, they have been used increasingly frequently to deal with errors.

The automated debt recovery scheme problems have also highlighted issues with the outsourcing of debt collection. Staff were often unable to resolve discrepancies because they were not allowed to rectify errors. Centrelink call centre staff have stated that unless the recipient immediately agrees to at least a minimum repayment of the disputed amount, under DHS policy the staff member has no alternative but to send the ‘debt’ for collection to outsourced collectors. These debt collectors are on multi-million-dollar contracts with DHS²³ and have been applying a 10 per cent fee to recover debts related in inaccurate reporting.²⁴ Furthermore, in some cases, no letters have been issued before referral to collections meaning debt collection agents know about changes to processes before DHS staff do.

The Government’s response to concerns raised by affected individuals, Centrelink and departmental staff, community groups and parliamentarians

The response to concerns about the OCI has been far from adequate. It was not until the problems with the OCI became public that they were even acknowledged. Staff reported that they previously warned the Department that automated data matching would lead to incorrect debts being issued.²⁵ Over two thirds (68.3 per cent) had concerns before the OCI program commenced but shockingly nearly three in ten (28.7 per cent) did not know anything about it before it started. Concerns raised by Centrelink staff about the OCI include:

- averaging income could lead to incorrect debt calculations
- customers could end up paying money they do not owe
- a mismatch in employer information could lead to double counting of income
- no attempt would be made contact the customer before a debt was raised
- customers would be unable to get documentation required to prove debt does not exist
- customers would not be advised of their appeal rights

Nearly nine in ten (87 per cent) of those surveyed who had concerns about the OCI program before it commenced raised them with management. It is troubling that over a third (36.8 per cent) of those

²³ Quentin Dempster (2017, 8 January). The ‘cruelty’ of the Centrelink cash grab may just be starting. *The New Daily*. Retrieved from <http://thenewdaily.com.au/money/finance-news/2017/01/08/centrelink-debts-just-the-start/>

²⁴ Bianca Hall (2017, 4 January). What should you do if you get a Centrelink debt? *Sydney Morning Herald*. Retrieved from <http://www.smh.com.au/federal-politics/political-news/what-should-you-do-if-you-get-a-centrelink-debt-letter-20170104-gtllmgl.html>

²⁵ Tom McLroy (2017, 10 January). ‘They don’t care about average Australians’: Centrelink staffer speaks out about debt controversy. *Sydney Morning Herald*. Retrieved from www.smh.com.au/federal-politics/political-news/they-dont-care-about-average-australians-centrelink-staffer-speaks-out-about-debt-controversy-20170109-gto5i0.html

who said they raised concerns were told the system had been tested and worked well and that a quarter (26.7 per cent) were told it was up to the customer to respond and not for staff to worry about. Their concerns were simply brushed off and ignored.

"I attended an information session prior to roll out and voiced concerns that customers and staff would complain about incorrect debts being raised. It was said that 'This is still the same process as before' to which 'I stated yes but then it was manual where staff could pick up and see the customers record and correct inconsistencies and talk to the customer prior to debts being raised'. These concerns were shrugged off."

"Straight away I noticed that customers were ringing asking how to lodge an appeal as there was no way to lodge it online apparently. So I sent feedback to OpB (Operational Blueprint) and they said the process was to transfer the customer to the debt team (to wait a couple of hours). They did not take the hint that they needed an online process. They simply refused to accept a suggestion that would have helped customers and not wasted their time."

Many members stated that concerns were raised during the design process but were simply ignored. A member who previously worked in Business Integrity stated:

"I was Business Integrity when this was being discussed and every single staff member knew the automated processing wouldn't work effectively. We told management that you can't apportion income like that. When we worked in Business Integrity the debts we raised were incredibly complicated and we were scrutinised down to the last cent."

Members explained that while the intent of OCI was not any different to past compliance activities, they failed to heed the advice of ICT that the level of mismatched information processed without human oversight would lead to a high incidence of errors. This meant that the implementation has resulted in a system that does not perform the way previous compliance activities have.

The vast majority (85.3 per cent) of those involved in work associated with the OCI thought the Department could have improved compliance in a different way. Given this, it is unsurprising that less than one in ten (8.8 per cent) thought the program should have been implemented.

"Both my team leader and I thought that things would go pear shape with the OCI approx. September/October (3 months after the expected start of the OCI process) so it was no surprise when it did go belly up in December."

Despite numerous warnings by DHS staff, concerns were ignored, revenue raising was prioritised and the introduction of automated debt processing has been an unmitigated disaster for Centrelink clients, their families and for Centrelink staff.

Following contact from CPSU members about problems with the OCI and confirming reports in the media, the CPSU sought to raise those issues directly with the secretary of the department, Kathryn Campbell, and to request a briefing on the design of the system on 19 January 2017, so that we could understand, operationally, how it worked and what its potential impacts on staff were going to be. That request has been refused.

The response to concerns before and after the OCI rollout highlight cultural problems within the Department and Government. The concerns of staff are ignored and heads are in the sand. This extends beyond robodebt to the ongoing problems with bargaining. DHS staff deserve respect and should be consulted. Only by working with staff and listening to their feedback can the most effective compliance processes be developed:

The adequacy of departmental management of the OCI, including the adequacy of staff numbers to manage the workload associated with the OCI, including customer complaints.

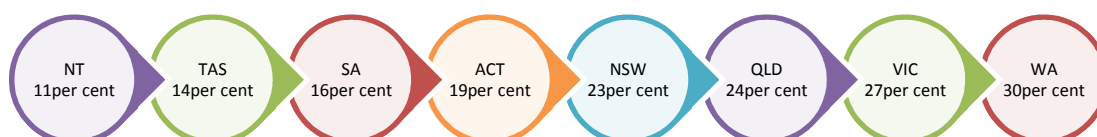
The Department of Human Services is already struggling with massive workload and pressures and the impact of 5,000 permanent job cuts through a series of successive government decisions that

have left the Department simply unable to cope. Years of staffing and funding cuts are compounding the impact of the automated debt recovery debacle.

The Department of Human Services has experienced significant job losses over the past five years. Between 2010-11 and 2015-16, DHS lost 4,737 ASL or 13.6 per cent of all ASL. On top of these job cuts, the 2016-17 Budget included cuts to the Department of Human Services of \$80 million over the forward estimates.²⁶ The 2016-17 Budget job cuts will mean a loss of 5,547 ASL or 15.9 per cent since 2010-11. The scale of job losses and increasing workloads are affecting the services that are provided to the public:

- In 2016, 36 million calls did not get through to DHS call centres,²⁷ up from 29 million in 2015. For the calls that did get through, wait times were, and continue to be, well over an hour.²⁸
- Call wait times are the single largest cause of complaints made to DHS by customers.²⁹
- Indigenous communities in remote communities can take more than a day to access telephony services.³⁰
- Customer aggression has risen, with increasing numbers of DHS offices requiring permanent security guards.³¹
- In 2016, there were reports of impacts of the delays in payments for Austudy and Youth Allowance resulting extreme financial hardship and the deferment or abandonment of study.³²
- DHS staff have also reported significant delays of carer's payments that have put vulnerable families in a desperate position.
- Complaints have more than doubled from approximately 53,000 in 2007 to almost 114,000 in 2015-16, much of the increase being in the last two years with the top three complaints relating to telephone, internet and processing wait times.³³
- Only half of all customers have satisfactory perceptions of Centrelink.³⁴

Over the past five years, the professional and technical capacity of the department has been severely eroded. There has been a significant reduction of permanent staff, over the 2015-16 financial year just 30 per cent of new engagements were permanent. As permanent staffing numbers continue to fall, the capacity of DHS to undertake the services it is being funded to deliver continues to be seriously eroded. The state by state breakdown for non-ongoing staff in Smart Centres as at December 2015 was as follows:



²⁶ Australian Government (2016, May). *Budget 2016-17 - Budget Paper No.2 - Part 2: Expense Measures*. Retrieved from http://www.budget.gov.au/2016-17/content/bp2/html/bp2_expense-21.htm

²⁷ Noel Towell (2016, 21 October). Centrelink hangs up on 29 million calls, Senate estimates hears. *Canberra Times*. Retrieved from <http://www.canberratimes.com.au/national/public-service/centrelink-hangs-up-on-29-million-calls-senate-estimates-hears-20161020-gs7ecj.html>

²⁸ Noel Towell (2016, 21 October). Centrelink hangs up on 29 million calls, Senate estimates hears. *Canberra Times*. Retrieved from <http://www.canberratimes.com.au/national/public-service/centrelink-hangs-up-on-29-million-calls-senate-estimates-hears-20161020-gs7ecj.html>

²⁹ Commonwealth Ombudsman (2016). *2015-16 Annual Report*. Canberra

³⁰ Australian National Audit Office (2015, May). *Audit Report No.37: Management of Smart Centres' Centrelink Telephone Services*. Canberra

³¹ Marie Sansom (2015, 31 August). Centrelink staff deal with 24 aggressive incidents a day. *GovernmentNews*. Retrieved from <http://www.governmentnews.com.au/2015/08/centrelink-staff-deal-with-24-aggressive-incidents-a-day/>

³² Hack (2016, 21 April). *Centrelink payments delayed up to four months, students freakin out*. Retrieved from <http://www.abc.net.au/triplej/programs/hack/students-waiting-four-months-centrelink-payments-delayed/7346960>

³³ Paul Henman (2017, 21 March). After the robodebt debacle, here's how Centrelink can win back Australians' trust. *The Conversation*. Retrieved from <https://theconversation.com/after-the-robodebt-debacle-heres-how-centrelink-can-win-back-australians-trust-74256>

³⁴ Paul Henman (2017, 21 March). After the robodebt debacle, here's how Centrelink can win back Australians' trust. *The Conversation*. Retrieved from <https://theconversation.com/after-the-robodebt-debacle-heres-how-centrelink-can-win-back-australians-trust-74256>

The record low engagement of permanent staff in the previous financial year shows the workforce composition in Service Delivery Smart Centres and Child Support Smart Centres needs urgent attention. A comment from a member best sums up the current situation:

"The department tries to plug the gap in those services with casual staff who do not have access to the appropriate training, who are deeply frustrated that they cannot do the work and who are largely used to answer the phone and redirect customer inquiries, which allows the department to keep its core statistics lower; someone has clicked on it, they cannot fix the problem, but it is going through to another line and that is good enough. That sort of gaming of the system is the situation this department has been put in."

Many of those who have been hired to work on the OCI have only been hired on a temporary basis. The CPSU has been informed that DHS hired approximately 130 Compliance staff members to work on the OCI and a new team was created for this sole purpose in Melbourne in 2016. Staff in this team are on 12 month contracts but have no word about extensions or being made permanent. The uncertainty means that there are many staff who were hired who have less than three months left to go have still not been told about their future. The situation has meant that *"many staff have ended up leaving as a result of not being able to handle the stress of OCI."* These contracted staff are usually engaged as APS 3, whereas traditionally officers have been APS 4 staff. Decisions makers have usually been APS 4 as they have a wider knowledge of DHS. Contract staff have no corporate knowledge or cross payment knowledge and are usually hired at the lower APS 3 classification.

DHS staff were asked about whether they believed staffing cuts had affected the implementation of the OCI program and three quarters (74.5 per cent) believed it did. DHS employees are committed to their jobs and the crucial service they provide to the community, but there are limits to what staff can do in an environment of inadequate staffing and under resourcing. Quite simply there is not enough permanent, appropriately trained and experienced staff to do the job

One member summed up the additional pressure of trying to manage the workloads created by OCI:

"What I don't understand, and what I remain angry about, is why this department has engaged in an exercise that increases the proportion of contacts likely to be 'challenging' without putting in place appropriate measures to better manage these encounters. Working in the department is difficult enough without adding more elephants to the room."

Staff are under pressure and are doing the best they can in trying circumstances. The fact that the Department is prioritising reviewing recipients that have spoken to the media, highlights the level of damage control.³⁵ To deal with workloads and the current debt crisis, at least 1,000 extra permanent staff will be required.³⁶

What impact the rollout of the OCI has had on other areas of work and whether resources have been diverted from other areas

Frontline staff were given no warning of the OCI program before it was launched in July 2016.³⁷ One Customer Service Officer stated that *"I had no idea about this initiative until I heard about it on TV and complaints started coming in from customers."* This was a common theme from DHS members:

"As Service Centre Staff we were not informed of the process and our first experiences were usually when a customer attended with the original letter asking what they need to do. Since then we were advised to shift any enquires to the Business Integrity number, not to answer any questions."

³⁵ Pat McGrath (2017, 7 January). Centrelink debts slashed after welfare recipients speak out in media. ABC 7:30. Retrieved from <http://www.abc.net.au/news/2017-01-06/centrelink-debts-slashed-after-welfare-recipients-speak-out/8165794>

³⁶ Stephen Stockwell (2016, 26 April). Centrelink backlog to be solved in two weeks, says Minister. Hack. Retrieved from <http://www.abc.net.au/triplej/programs/hack/centrelink-backlog-to-be-solved-in-two-weeks/7360760>

³⁷ Pat McGrath (2017, 13 January). Leaked Centrelink memo shows staff told not to process debt disputes in person. ABC 7:30. Retrieved from <http://www.abc.net.au/news/2017-01-12/centrelink-memo-shows-staff-ordered-not-to-process-debt-disputes/8177652>

"Staff had no idea these letters were being sent out until they started calls about it. It's only when it all blew up in the media that we started getting some limited information about this debacle."

Members report the entire process from the raising of the debts, the reassessment, recovery, collection agents has all been a shambles and has had a massive impact on the workload of other areas of DHS.

"The process was presented to Customer Service Centre staff as not having "much impact" on them, as customers would be able to do everything on line. In the end this was a long way from the truth, it hit face to face services very hard as we attempted to explain and support customers through the process without having a proper understanding of how it was meant to work. Once we had spent hours working with customers we came to realise that the program was averaging earnings over a 12 month period, which meant most calculations were not correct. Face to face staff have not received any recognition for the work they have done trying to support customers and explain the process - bet we weren't funded for it either!"

"The Customer Service Centres were inundated with people querying the letters. We could not see the letters and knew nothing about the mail out. It made us look like utter fools especially as people did not have online accounts and had not been on payments for years. We had no one to call as no phone number was included in the letter. An absolute debacle!"

"In my years in the department I have never experienced the amount of calls related to this debt recovery process."

The rollout of OCI has also affected workloads in areas not involved with the OCI at all such as Debt Management. It has lead to an increase in customer contacts, reviews and correspondence to the Minister. Because the first letters did not include a contact number, customers with OCI problems were contacting debt management even though Business Integrity had responsibility. The increased call demands meant that additional staff were needed. Debt Management staff were unable to make any changes to customer records and could only refer them on to the OCI contact number, creating more double handling.

There has also been erosion of trust in all of the processes of DHS and consequent increase in workloads from complaints and appeals. One member stated that after the OCIs impact became public knowledge, the numbers of correspondence to the Minister, FOI requests and appeals or review of decisions has increased significantly. This meant many staff at all levels were involved in trying to resolve these requests. The numbers of appeals increased in areas not affected by OCI with many questioning all decisions by DHS so the fallout has been quite far reaching.

"It appears that anyone with a debt will request an Authorised Review Officer review for the foreseeable future. They have changed the culture of the Australian public from one of grudging acceptance that a "debt may be right", to one where the "debt is most likely to be wrong" and I am going to fight it. We do not have the resources to review all of the debts we raise."

"It makes it very hard to deal with customers about other debts not related to the OCI as now many customers think that all debts are incorrect and this is generating more appeals and more work and more aggression."

Staff are constantly being moved around to address the gaps that are now a regular feature of the Department. Many staff reported been shifted around DHS to respond to the increased workload created by OCI and provided examples of the flow on effect on other work. It is clear that DHS is just reacting to the robodebt crisis and ignoring the impact on other areas of the agency for the time being. It is clear more trained, permanent staff is needed. Moving staff around is not a sustainable strategy, particularly if the OCI is not suspended:

"100 Business Integrity staff were taken from their usual roles and devoted to handling the appeals and reassessments for OCI when the first media reports hit about the stuff up. This

then resulted in the need to recalculated targets for all other work in the compliance risk branch."

"My job has changed at least 4 times in six months as they try to manage the disaster they have created. All we do now is answer phone calls. There is no time to do any processing work so there is a huge backlog happening with complex cases. The move to rostering is a weak attempt at trying to manage the work."

"Customer Relations Unit (CRU) had 7,800 online complaints on the 23 January 2017. They pulled staff to get fully trained CRU staff to get through the complaints in a speedy manner. As at 9 March 2017 there are less than 1,000 complaints now on hand. Staff were pulled from Phone services , Youth Allowance Services, Disability Support Pensions, Newstart Allowance areas to take the phone complaints to allow the OCI written complaints to be addressed."

"I have been diverted from my main role which is general customer service to handle many of these calls which sometimes can take an hour before being able to safely transfer them to someone who actually knows what they are talking about."

"Resources are consistently taken from other areas to whatever is outstanding at that particular moment. APS4 were directed to do other work and in the meantime Health Card Cards were not being done and this in turn increased Tele Service Centre, Customer Service Centre and Members of Parliament contact."

It is clear from members' comments that the situation has been made worse by the deskilling. Staff who had experience in assessing debts were moved from Business Integrity and those working on the OCI are often new staff with little knowledge or training.

"The change in staffing by reassigning whole teams of experienced debt officers with 15 years plus experience and replacing them with brand new employees who have no experience with internal systems, policy, procedure and rules is unprecedented. It appeared to many existing staff a deliberate ploy to ensure the new system could be implemented without questions or challenges by staff who would know it was wrong, especially as new staff were untrained and unable to pick up problems and do not have security of employment to feel they could rock the boat. I have never felt ashamed of working for the organisation until this was implemented and customer feedback started. I have never before been in a position where I have been unable to offer any assistance, referrals or hope to a distraught customer in tears due to actions of the department."

"Intermittent and Irregular employees and Assisted Layer staff are being transitioned into Customer Relations. Most of the Intermittent and Irregular employees have never had any form of customer aggression training. The abuse is impacting on them. Taking staff from standard business lines to undertake customer relations work has also impacted on customers wait time."

"Management is moving a lot of experienced staff out of the debt world saying their skills weren't required anymore because the system was being simplified. Then inexperienced, classroom trained, staff are required to "assist" customers. Many customers had provided documents to us in the past that were relevant to the review but old staff were basically ordered not to look and new staff not taught how to find them."

These band aid solutions are clearly a consequence of a Department that no longer has the resources to provide effective services and reacting to a major crisis. The Government needs to reverse the damage caused to the Department by the loss of 5,000 permanent jobs and provide funding for adequate staffing levels to manage these workloads.

Recommendation: There needs to be immediate action to reverse the damage done by cutting 5,000 permanent jobs from DHS to restore the capacity of the Department of Human Services to provide the services needed by the Australian community.

Training and development provided to staff who are working on this program or in related areas (for example, telephony and complaints)

It is little surprise that there was widespread confusion about the OCI and problems responding to customers given the dearth of training and development provided to DHS staff. Of DHS members surveyed, nine in ten (91.5 per cent) did not receive training about the OCI before the issue came to public attention and a similar number (92.1 per cent) stated they did not receive training after the issue came to public attention. Those who received some training indicated that the training provided was limited and inadequate:

“There is no effective face-to-face training (the way the majority of us learn) as it is nearly all computer course training, which teaches you nothing - no wonder customers have to make continual contacts to get any kind of answer, let alone a correct one which a few years down the track they will discover the advice was incorrect and Centrelink will try to hit them with a debt.”

My team will be moving to OCI clean up work in the near future. We were trained over a month ago and none of us were able to consolidate this learning and we will be expected to start the work with no more training. This is poor management and is very stressful for staff.

The CPSU has been informed that much of the OCI work was initially performed by casuals with no experience in overpayments and there has been a lack of training given to these new staff that commenced in the last 5 months. Members informed the CPSU that staff dealing with OCI had no idea of reporting obligations of activity tested jobseekers and therefore unable to determine that the process of annualising income from employment was completely incorrect as were the debts raised. This is problematic because the online assessment tool itself causes issues that require human intervention to fix but the OCI staff are not trained to detect it and have no idea how to fix them. Customers are angry and frustrated and staff are bearing the brunt of this frustration. Customers do not understand the debts and untrained staff are not equipped with the knowledge to handle their questions and the guides they use (the operational blue print) can be very hard to read or understand.

The situation has caused major stress related issues in the department. Combined with the impact of staffing cuts and the lack of clarity around instructions, the inadequacy of training and development for OCI staff has only increased pressures on staff across the agency. It raises questions about the training given to OCI staff and reinforces the need for permanent DHS staff that receive proper training and development.

Recommendation: DHS should immediately facilitate a merit selection process of all current casual workers to compete for permanent roles so they can be properly trained and are able to provide a full range of services and support to customers.

How the Department of Human Services and Centrelink are tracking the impact of the OCI rollout on staff, including stress and incidents of customer aggression,

Department of Human Services staff are already feeling the brunt of customer aggression as a result of the OCI errors and increased wait times generated by them. Staff have reported that the automation is in chaos and that staff morale is low.³⁸ These poor policy decisions have been forced on staff and workplaces are becoming unbearable.³⁹

³⁸ Emma Reynolds (2017, 10 January). Aussies panicking over Centrelink demands to pay up to avoid debt collector. *News.com.au*. Retrieved from <http://www.news.com.au/finance/money/costs/aussies-panicking-over-centrelink-demands-to-pay-up-to-avoid-debt-collector/news-story/a13ba2f6090a6cc7152b5ceb65166315>

³⁹ Ben Eltham (2017, 6 January). High Farce: The Turnbull Government's Centrelink 'Robodebt' Debacle Continues To Grow. *New Matilda*. Retrieved from <https://newmatilda.com/2017/01/06/the-turnbull-governments-centrelink-robodebt-debacle-continues-to-grow/>

The CPSU has raised concerns previously that public servants could be blamed amid staff cuts, "bad IT systems" and a casual workforce. Departmental staff should not be blamed for this and nor should they be subjected to violence or aggression. Violence and aggression towards public servants has been underreported and is becoming more common.⁴⁰

As well as the well-documented impacts of thousands of customers, Centrelink staff have been affected deeply by the robodebt debacle including through:

- Increased stress levels.
- Increased absences.
- Lack of sleep.
- Increased customer aggression.
- Anger about what we have done to vulnerable customers.
- Moral dilemma.

The rollout of the OCI program has impacted on the health and safety of staff. Four in five (79.6 per cent) believe it has with the vast majority citing increased stress levels (95.4 per cent), increased customer aggression (92.7 per cent), and anger about what DHS has done to vulnerable customers (84.6 per cent). Two in five (40.7 per cent) were aware of specific incidents of client aggression arising from the OCI.

Staff report that anger and rage generated by the data matching strategy has placed counter staff under confronting pressure.⁴¹ The aggression is such that the Department of Human Services recently sought private contractors to provide "Advanced Customer Aggression Training Services".⁴² Members provided numerous examples of customer aggression experienced:

"A customer began being upset about the letter then moved to being distressed then moved to anger and tried to throw a chair at the service officer serving them."

"Customer verbally abused me when debt raised incorrectly by system. This was a very personal attack threatening my self and my family. Even though you know they don't know you, were you or your family live it still has a highly distressing impact as I was left wondering if they could follow through with the threats made - including slitting my mothers throat..."

"Police have been called daily because there have been threats against staff."

"I have been called every name under the sun. I won't repeat them here. I've had people spit, curse, scream and then I have been abused for not caring."

"I personally have had my life threatened and have been regularly verbally abused. I consider myself to be a calm and receptive person with good customer service skills, however the high levels of customer dissatisfaction is confronting."

"A customer threatened staff in the Service Centre with a physical attack, inviting the media to watch whilst everyone ducked."

"There have been multiple instances of customers verbally abusing staff, damaging DHS property in Service Centres such as slamming/breaking phones, kicking and punching entrance doors."

Everyone has the right to work in a safe and respectful environment. Providing additional customer aggression training and security guards does not address the root cause of the problem. It is clear

⁴⁰ Stephanie Anderson and Henry Belot (2017, 5 January). Centrelink debt recovery system failures have 'frightened' recipients, Andrew Wilkie says. ABC News. Retrieved from <http://www.abc.net.au/news/2017-01-04/centrelink-debt-recovery-system-designed-by-dunderhead-wilkie/8160990>

⁴¹ Quentin Dempster (2017, 8 January). The 'cruelty' of the Centrelink cash grab may just be starting. *The New Daily*. Retrieved from <http://thenewdaily.com.au/money/finance-news/2017/01/08/centrelink-debts-just-the-start/>

⁴² Andrew Greene (2017, 4 January). Centrelink staff to receive 'customer aggression' training amid debt recovery backlash. ABC News. Retrieved from <http://www.abc.net.au/news/2017-01-03/centrelink-staff-to-receive-customer-aggression-training/8159694>

that greater investment and improved staffing levels, in DHS in particular, must be part of the solution to address the growing levels of customer aggression.

Any advice and related information available to the Department of Human Services in relation to potential risks associated with the OCI and what action was taken as a result, including feedback arising from system testing and staff

It is clear that staff were not given any opportunity for genuine consultation about the roll out of OCI as required under the Department of Human Service Enterprise Agreement 2011. The OCI was rolled out without the significant involvement of staff and did not take in account the feedback of staff. Only one in ten (11.8 per cent) of those officially involved in work associated with the OCI program were consulted over its development before it was implemented. One member stated

"It was obvious at the briefing when OCI had just commenced that the process had basic flaws which meant nearly all debts would be wrong. There was an audible gasp from the room when we first heard of the averaging concept. It was obvious some would be wrong by a few dollars some were not debts at all. The group of staff I was in clearly knew this would not work. Management minimised this concern and moved forward. I suspect they knew but had no control over things happening in Canberra."

Similar comments were made about the failure to address potential risks:

"This was always going to happen. I knew this as I used to be one of the human beings that used the data matching information they now have the system calculating automatically."

"The OCI program was rolled out without my team in Compliance ever having had the chance to look at it or understand the details - had we been consulted, we could have pointed out many problems (some of which have been addressed in later updates, months down the track)."

Members reported that IT teams highlighted to business potential issues with the OCI program which they chose to ignore and directed teams to implement as per their instructions. One member stated *"there are many more issues than what has been highlighted in the media and IT has been thrown under the bus while delivering a system based on decision made in a policy area who refused to listen to advice."*

The CPSU understands that there was limited system testing done before the process was rolled out. They report that the system was rolled out based on 1,000 cases undertaken by a helpdesk put together with people with very little experience with the system or compliance or even time in the Department. Members stated that they simply had no understanding of the impact of what they were doing and therefore did not understand the IT or policy or implementation issues.

It is extremely concerning that members report the testing on OCI had not been completed when the orders were given from the Minister that the OCI letters needed to be sent out to customers in late September. Members report there were concerns at a high level that DHS would not meet Budget projections based on the numbers already completed. Previous Budget papers have projected billions in savings over the forward estimate from automation. The 2015-16 MYEFO included measures to use income data matching.⁴³ Additional budget measures for income data matching in MYEFO 2015-16 estimated savings of \$1.3 billion from 1 July 2016.⁴⁴ The 2016-17 MYEFO extended and expanded these measures, estimating savings of \$3.7 billion from the expansion of fraud prevention and debt recovery capability.⁴⁵

⁴³ Australian Government (2015, May). 2015-16 Budget Paper No.2: Budget Measures, Part 2: Expense Measures. Retrieved from http://www.budget.gov.au/2015-16/content/bp2/html/bp2_expense-15.htm

⁴⁴ Australian Government (2015, December). 2015-16 Mid-Year Economic and Fiscal Outlook. Retrieved from http://budget.gov.au/2015-16/content/myefo/html/11_appendix_a_expense.htm

⁴⁵ Australian Government (2016, December). 2016-17 Mid-Year Economic and Fiscal Outlook. Retrieved from <http://www.budget.gov.au/2016-17/content/myefo/html/>

Changes were made to the OCI in response to feedback but only after it had been fully rolled out and problems arose. One member expressed their frustration because it was not the first time.

“Once again, the systems are implemented for “live testing” by staff. We make it work because we have to ensure the customers continue to receive their correct entitlement, or any entitlement, within a timely manner. Systems are constantly “tweaked” as staff feed back problems and issues. The majority of staff genuinely care about the customers and are appalled at the pushing through of changes without real consideration of the impact on both customers and staff.”

The robodebt debacle highlights importance of proper system testing, listening to feedback and involving staff before any big compliance program is rolled out.

Decisions taken in relation to IT systems and service design that may have contributed to problems experienced by Centrelink clients

The rollout of the OCI program placed a massive strain on DHS’ already overstretched IT systems. Only 3 per cent thought the Department provided adequate ICT support and capacity to deal with the demand from the rollout of the OCI program. The decision to introduce an automated debt recovery scheme was driven by budgetary pressures and done without the consultation with staff, despite widespread awareness that the computer systems are problematic.

“Automated debt services are a business tragedy. There is no current way of measuring how much of the total debt owed to Centrelink is actually accurate. It’s the same sense for child support. If you automate a service that uses outdated and dysfunctional computer software you can’t possibly expect anything less than substantial errors. The software used by all DHS departments is out of date and desperately needs to be updated with a more intelligent system. If the system is not intelligent enough to calculate, determine, find and correct debts that are incorrect then a decision to implement an automated debt collection service is a decision that will always result in failure.”

Many members spoke about persistent and prolonged IT issues for years which impacts upon customers’ capacity to use online services and DHS staff’s capacity to complete work in a timely and efficient manner.

“WLM (workload manager) is a failure. The system crashes and is down more often than it works. Phone systems - calls cutting out, phone systems down. Everyday, there are reports of system failures from Operational Blueprint to accessing scanned images. The continued failure of our IT systems has made us inefficient.”

“Systems not built to cope with the work we do, systems not designed to be user friendly from a customer end, systems that continually fail or crash, links to blueprints that don’t work, links to other “help” tools that also do not work, MyGov failures, the list is honestly endless.”

“The whole DHS system is falling apart. Our tools fail on a regular basis, we use “internet based” phone systems, so calls to customers are hard to hear, cutting in and out all the time. They are forcing so many things to be done online or over the phone, and people like the elderly and disabled struggle with this. “

“We have a fundamentally flawed system rushed out public on jerry rigged IT systems. There has been no evidence of end to end system design and the testing that happened on the system seemed to be incredibly limited to if it fulfilled dodgy cases rather than checking it against the outcomes of a previous compliance activity. User Acceptance was also not done for end users which is obvious on the online component of OCI and its document retention and upload has not been done robustly at all which creates serious privacy and security concerns for customer data.”

“DHS seems to have removed the IT assistance function to some degree, we no longer have access to IT assistance apart from online enquiries. Any online requests for help are not

responded to. We have failing computer systems, customer data is being lost/deleted due to system malfunctions. DHS does not provide any communication to staff in relation the IT issues that are constantly raised. This makes it even more difficult to manage customer expectations and puts more pressure on staff. DHS fails to address the multitude of IT problems that exist. Staff are frustrated and morale is very low."

"Systems are old, not built for current capacity required to sustain customer online interactions."

"It never works, the systems do not speak with each other, the computers keep crashing and all DHS is worried about is their new system to answer calls, that throws you in and out of modes all day mucking up any possibility of getting work done"

Despite these well known problems, DHS was relying on the computer system to cope with massive reviews loaded each month when the system cannot handle the amount of customer's reporting each day. Members commented that any intervention which removes human checking and relies totally on automated process will lead to errors.

The online assessment portal was also cited as a contributor to many of the IT problems faced by customers. Members report that concerns from experienced Business Integrity staff in regard to the portal design which were ignored and questions which did little to clarify the details actually needed were asked instead. This was made worse by policies and procedures in place.

A number of members explained that the online assessment tool was difficult to navigate and poor design exacerbated problems. These included customers not being familiar with 'how to navigate from screen to screen', not having any knowledge of functional aspects within OCI platform and using 'drop-down' boxes to edit/expand options and provide input about, for examples, allowances, lump sums payments for bonus, termination payments paid to them from employers that relate to reviews going back more than 3 years ago and not having any evidence to support their claims.

While DHS directed customers to go online to self-manage, many customers did not understand how to correctly complete the online assessment. Some examples provided by members included:

- Customers did not understand that when they completed the online activity, a debt was automatically raised, and appeals have been problematic.
- If customers were not then very careful about answering the period of work question they could easily inadvertently allow full annual calculation of income instead of focused period calculation.
- When customers log into the compliance review it appeared to ask a few simple questions, however, customers did not realise they had to delve further to enable them to type in their wages for every week or fortnight of each year the review covers. It is quite difficult to even find this apportionment part of the review.
- The online application asked them in the first question to say everything was true and correct before they answered anything. Explanation online was limited and if you did not understand the period of income earned differed from what the earnings were over the financial year it was quite easy to get it wrong.
- It was difficult to show if you moved between work and income support. If there were periods you worked, then were possibly on Centrelink payments and returned to work there was not anywhere to show two distinct periods.

Another problem with the online assessment portal included the requirement of a MyGov account. Members informed the CPSU that some of these customers had not been on Centrelink for years and did not have an online account. Many customers also had problems setting up their MyGov accounts and linking them with their Centrelink accounts, which had to be active or else they could not access the online assessment portal.

The problems with the online assessment portal went beyond the ordering of questions and requirement of a MyGov account. The OCI online platform often went down or had errors that prevented completion. One member stated that some customers were consistently unable to proceed past a certain point in the OCI online platform with error message 'Service Unavailable'. Staff were unable to get past the same point when doing assisted compliance. This prevented some customers

from completing the review for weeks, in some cases the review auto-completed at the deadline without the customer ever being able to have any input.

During the peak time before Christmas when so many customers were ringing up wanting a reassessment of their debts, the OCI system was down with staff and customers getting the message "Service unavailable". It led to a situation where staff were being told to direct customers to go online to fix their issues but the OCI system itself was down so the customers could not do anything. It was a very stressful time just before Christmas as customers were being told to start repaying their debts or else face the debt collectors.

The issues with Centrelink's automated debt recovery scheme are not unique as there are other overseas examples of faulty automated fraud determinations. The American state of Michigan, for example, automated their determinations for unemployment insurance fraud. The system, known as the Michigan Integrated Data Automated System (Midas), caused an immediate spike in claims of fraud when it was implemented in October 2013. The problems were such that the program was scaled back and all determinations are now reviewed and issued by employees.⁴⁶ A February 2016 Auditor General review of 22,427 fraud cases identified by the system found that only 8 per cent of cases were actually fraudulent.⁴⁷ There are still another 30,000 fraud determinations that are still to be reviewed. Unsurprisingly, the administrative court system that oversees unemployment cases had a backlog of 23,000 appeals as a result of the system.⁴⁸

It is clear that the online portal was a cause of many problems experienced by customers because of its confusing design and the system. The reliance on an automated process meant that errors generated by incorrect data and bad algorithms could not be easily fixed by DHS staff and the workload associated with the OCI placed a significant strain on ageing ICT systems. While the greater use of ICT can lead to some efficiencies, the OCI debacle highlights the importance of human oversight and the limitations of automated decision-making.

Any other matters

Many DHS staff have been concerned about disclosing about the robodebt debacle, particularly as staff have been sent numerous emails warning them about doing so.

A public servant who that intends to make a disclosure in accordance with the *Public Interest Disclosure Act 2013* (Cth) needs to do so in conformity with the requirements of the Act. The requirements can be complex, depending on the circumstances. A public servant can seek legal advice from appropriately qualified personnel of the union to ensure that they are conforming with the requirements of the Act in making the disclosure, provided that the public servant does not disclose intelligence information or national security information.

Conclusion / Recommendations

DHS staff are doing the best they can in difficult circumstances. They are struggling after years of budget cuts, working on out of date IT systems and having to respond to crises caused by the Government and management's failure to consult and listen to them.

The desire to save money, pushed from above, has created a false economy and has created costly reverse workflows where staff are taken offline to deal with complex and difficult disputes over incorrectly raised automated debts. It has meant that DHS has just lurched from one crisis to the next and will continue to unless it is adequately funded and staffed.

⁴⁶ Ryan Felton (2016, 13 February). Inside Michigan's faulty unemployment system that hit thousands with fraud. *The Guardian*. Retrieved from <https://www.theguardian.com/us-news/2016/feb/12/michigan-unemployment-insurance-benefit-automated-system-fraud-penalties>

⁴⁷ Ryan Felton (2016, 18 December). Michigan unemployment agency made 20,000 false fraud accusations – report. *The Guardian*. Retrieved from <https://www.theguardian.com/us-news/2016/dec/18/michigan-unemployment-agency-fraud-accusations>

⁴⁸ Ryan Felton (2016, 13 February). Inside Michigan's faulty unemployment system that hit thousands with fraud. *The Guardian*. Retrieved from <https://www.theguardian.com/us-news/2016/feb/12/michigan-unemployment-insurance-benefit-automated-system-fraud-penalties>

The low morale of staff shows the impact of the robodebt debacle has had. Many are proud of the work they do but are struggling in the current circumstances.

"We've completely lost faith in our leaders. DHS is in shambles; I've been working here 11 years and I've never seen it like this. Our systems are failing, it seems like 'head office' is making decisions regarding how we do our work with the primary motivator being 'how to hide mistakes and how to make the stats look good'."

"The Government has taken the 'human' out of everything they do, across all agencies in DHS, and replaced it with 'robots'. Staff morale is low, service is hard to provide, computer systems are insufficient with no sign of being fixed, and DHS continues to ignore everything staff and customers are saying, and are in their own fairy world that 'everything is great!'"

I used to have pride in my work. Raising debts is not a fun job, but is necessary. I used to know to the cent how and where a customer's debt came from. I could explain over the phone how it occurred and what a customer needed to do in the future to ensure that they would not be in the same situation again. Our job used to be not just collecting debt but supporting customers to understand and comply with their obligations.

"I am so sad - I used to be so proud to work for DHS. Now I wonder where this joy and sense of pride has gone and realise it isn't me - I still have that - but I realise DHS doesn't want it anymore and doesn't want anyone else who has it either"

"DHS is well and truly broken. In the 24 years that I have been employed here, the place has never been so dysfunctional, so many bad decisions being made at a senior management level, so resource strained, have so much arrears, having rolled out stupid tools and systems that make our jobs more inefficient than they were before the new system or policy was implemented."

Given the error-prone nature of the current automated system and the additional notices that will be generated, the CPSU recommends that the Turnbull Government immediately suspends the automated debt recovery program and redesign the process. A review of debt notices should also occur so it no longer hurts thousands of innocent Australians.

Any new approach should ensure properly resourced human oversight so the agency can be confident that the overpayments it identifies and debts it raises are legitimate and accurate. The Government should also immediately commit to provide the necessary funds to ensure the program has sufficient staff to provide oversight and address the additional workload on customer service centre staff. Staff need to be involved in designing changes to the program to avoid a repeat where feedback was ignored and system testing was done on the run. Human oversight should also be restored and the onus of proof of demonstrating a debt exists should be restored to the Department.

There also needs to be immediate action to reverse the damage done by cutting 5,000 permanent jobs from DHS to restore its capacity. Immediately facilitating a merit selection process to allow the Department to convert thousands of casual DHS staff to permanent positions would help to ease the pressure at DHS, ensuring they can be properly trained and fully utilised in dealing with the massive increase in work.